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How management tools elicit functional unethical behaviors

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CHAPTER 1: GENERAL INTRODUCTION

Chapter 1: General Introduction

We would like to begin this dissertation by conducting a little thought experiment. Have you ever played a (board)game with friends or relatives? You may have played Monopoly, Blackjack, Poker, Go Fish, Settlers of Catan, or another type of (board)game. Assuming that you have played a (board)game before, what was the goal you wanted to achieve while playing this game? You may have wanted to win the game to obtain a reward, avoid losing the game to avoid a punishment, maintain an earlier winning streak, escape from an earlier losing streak, or even annoy or help your fellow players. Assuming that you had a goal, have you ever come short of reaching it? Your performance may have been extraordinarily low, or the performances of your fellow players may have been extraordinarily high. Assuming that you came short of reaching your goal, have you ever cheated? You may have taken extra money from the bank in Monopoly, counted cards while playing Blackjack or Poker, or lied about your cards in Go Fish or Settlers of Catan. Finally, assuming you have cheated before, would you have been able to reach your goal had you not cheated?

Our intended purpose for this thought experiment is to demonstrate three crucial assumptions that underlie this dissertation. The first assumption is that individuals either frequently or infrequently engage in unethical behaviors, such as cheating (e.g., Webb & Soh, 2007). In fact, in an informal in-class-enquiry amongst a sample of 26 MSc HRM students (58% female, *M*age = 23.7, *SD*age = 2.4) of the University of Groningen, 61.5 percent indicated that they had cheated in a (board)game before. Hence, if the thought experiment led you to conclude that you had also cheated before, you need not be ashamed. The second assumption is that individuals only engage in unethical behaviors that are *functional*: unethical behaviors that allow individuals to ensure specific outcomes more effectively or efficiently compared to ethically-neutral behaviors. The third assumption, one this thought experiment likely fails to demonstrate, is that such functional unethical behaviors have the insidious potential of causing substantial harm to others and eventually the self. Within the context of (board)games, unethical behaviors may seem innocent at best, with cheaters either ending up reaching their goal at the cost of their fellow players' performance (if their cheating behavior has gone unnoticed), or ending up with shattered friendships and a profound need to apologize to their fellow players (if their cheating behavior is exposed). If we *up the ante* by considering a different context with

broader, more serious reach, however, the insidious effects of cheating behaviors become much more apparent.

Unethical behaviors are very prevalent in organizational contexts, typically illustrated by the fraudulent practices leading to the downfall of Enron, WorldCom, Freddie Mac, Lehman Brothers, and Barings Bank, amongst others. Beyond these typical examples, however, are various smaller scale examples that also illustrate the prevalence of unethical behaviors in organizations. KPMG (2013), for instance, reported that in a sample of more than 3,500 US employees, 73 percent had observed misconduct in the past 12-month period, with 56 percent of the employees characterizing the perceived misconduct as something that could elicit a significant loss of public trust if discovered. EY (2015), in a sample of organizations from Europe, the Middle East, India, and Africa, found that 21% of all respondents observed fraud or bribery in their business in the last past 12-month period. Furthermore, PwC (2014) reported that in a global sample of 5,128 employees, 37 percent were victimized by economic crime. On an even smaller scale, employee theft was responsible for 48 percent of store inventory shrinkage in 2002 (Rickman & Witt, 2007). Hence, these numbers suggest that unethical behaviors may be as prevalent in organizations as is cheating in (board)games.

What is different from unethical behaviors in organizational contexts versus (board)games, however, is the impact that these behaviors have on organizations and society. First, unethical behaviors are extremely costly for organizations. The previously mentioned 48 percent of store inventory shrinkage in 2002 resulting from employee theft, for instance, accounted for $15 billion in losses in the US alone (Rickman & Witt, 2007). Furthermore, theft in general is estimated to cost US organizations an annual $660 billion, or a 6 percent loss in annual revenues (Meiners, 2005). On a larger scale, fraud in organizations accounted for more than $3.5 trillion of global costs, or a 5 percent loss in annual revenues (Association of Certified Fraud Examiners, 2014). Second, unethical behaviors have various insidious side effects that may harm individuals both in- and outside the organization (Cooper, 2001; Heidenheimer & Johnston, 2002), for instance through increased stress and reduced wellbeing of those who are victimized by unethical behaviors (Giacalone & Promislo, 2010). Third, to add insult to injury, the frequency and impact of unethical behaviors on all organizational levels have gradually increased over the past years, and are expected to increase for years to come (KPMG, 2015; PwC, 2014; Rickman & Witt, 2007). Combined, these effects of unethical behaviors are likely to result in a loss of confidence in organizations and affiliated institutions (Bull & Newell, 2003; Della Porta &

Mény, 1997), and are likely to be detrimental to organizational functioning (Cohan, 2002). Needless to say, the effects of unethical behaviors in organizations are far less innocuous than those displayed in (board)games.

In response to the insidious effects of unethical behaviors, research on the topic has increased tremendously over the past years (Kish-Gephart, Harrison, & Treviño, 2010; Tenbrunsel & Smith-Crowe, 2008; Treviño, den Nieuwenboer, & Kish-Gephart, 2014). Although a great deal of this research has investigated how intra- and interpersonal factors affect unethical behaviors and what management can do to *prevent* such unethical behaviors, another particularly interesting stream of research considers how management tools *promote* unethical behaviors (e.g., Cadsby, Song, & Tapon, 2010; Harbring & Irlenbusch, 2008; Jensen, 2001, 2003; Ordóñez, Schweitzer, Galinsky, & Bazerman, 2009; Schweitzer, Ordóñez, & Douma, 2004). More specifically, managers typically use all sorts of management tools to motivate their subordinate employees to showcase desirable behaviors, for instance through the setting of pay-for-performance standards (Cadsby et al., 2010; Jensen, 2001) or specific goals (Schweitzer et al., 2004). What this latter stream of research argues, however, is that individuals who are unable to meet these standards or goals may be motivated to engage in functional unethical behaviors that *do* result in meeting these standards or goals. Hence, much like how (board)games elicit a motivation to win, and how this motivation to win may lead players to cheat, management tools have the potential of motivating unethical behaviors as an alternative to the desirable behaviors that these management tools are intended to motivate (e.g., enhanced performance). Given how prevalent management tools are in day-to-day organizational operations (e.g., Berger & Berger, 2008; Gerhart & Rynes, 2003), this potential for motivating unethical behaviors has a grave implication: organizations may effectively promote unethical behaviors through the management tools that they so commonly use.

Purpose of this Dissertation

In this dissertation, we will investigate whether ranked competitions (Garcia, Tor, & Gonzalez, 2006), goal setting (Locke & Latham, 1990, 2004, 2006), and differentially treating employees (e.g., Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Settoon, Bennett, & Liden, 1996), in their capacity as management tools, are able to elicit unethical behaviors as the above discussion suggests. We define ranked competitions as the rank ordering of the performances of all competing employees, goal setting as the attainment of certain standards set by managers, and differentially treating employees as

the tendency of managers to develop different quality exchange relationships with each of their subordinates. Although there are a wide variety of management tools (e.g., Berger & Berger, 2008; Gerhart & Rynes, 2003), these three management tools are considered amongst the most important and prevalent tools that managers have (Ambrose & Kulik, 1999; Berger & Berger, 2008; Gerhart & Rynes, 2003; Henderson, Liden, Glibkowski, & Chaudhry, 2009; Kauppila, 2015; Locke & Latham, 2002; Michaels, Handfield-Jones, & Axelrod, 2001), which makes it prudent to focus on these three specifically. We will scrutinize how these three specific management tools associate with unethical behaviors throughout three empirical chapters (Chapters 2 through 4), and will reflect upon their findings from a more general management tool perspective in a general discussion chapter (Chapter 5).

Before moving to the empirical chapters, however, we will spend the remainder of the present chapter on reviewing the most important and relevant literature on ethics and ethical decision-making through the lens of meta-ethics (i.e., what are ethics?), normative ethics (i.e., what are [functional] unethical behaviors and why do individuals engage in them?), and applied ethics (i.e., what are management tools and why would they motivate functional unethical behaviors?). This review serves two purposes. First, the literature on ethics is very broad and diffuse, and this review allows us to emphasize several crucial assumptions and premises that underlie this dissertation. Second, this review allows us make an argument for the relationship between management tools and functional unethical behaviors *in general*, rather than for the specific relationships between functional unethical behaviors with ranked competitions, goal setting, and differentially treating employees.

Meta-Ethics: Ethics as Normative Systems of Social Control

Research on meta-ethics is primarily concerned with moral philosophical questions that involve ethical concepts (e.g., what are 'ethics' and where did they come from?). Central in meta-ethical definitions and theories is the observation that human beings have a tendency to cooperate with each other, most likely for the purpose of ensuring gene survival (Dawkins, 1976). Over the past centuries, researchers from various disciplines have theorized on how this cooperative tendency came to be (for a review on the development of ethics, see: Haidt & Kesebir, 2010). Previous accounts have considered group selection (Darwin, 1998/1871), kin selection (Williams, 1966), and reciprocal altruism (Rand, Dreber, Ellingsen, Fudenberg, & Nowak, 2009; Trivers, 1971; Ule, Schram, Riedl, & Cason, 2009; Wedekind & Milinski, 2000) as explanations of why human beings cooperate with each

other. Although all of these explanations had their merits, they all suffered from the fact that they could not explain specific cooperative behaviors amongst individuals (Haidt & Kesebir, 2010). As a way of dealing with these explanatory shortcomings, normative systems of social control were presented as a model that could explain these specific cooperative behaviors amongst individuals (e.g., Carnes, Lickel, & Janoff-Bulman, 2015; de Waal, 1996; Haidt, 2008; Haidt & Kesebir, 2010; Janoff-Bulman, Sheikh, & Hepp, 2009; Neuberg & Cottrell, 2008; Parks, Joireman, & Van Lange, 2013; Rai & Fiske, 2011).

Normative systems of social control refer to collections of mechanisms that aim to promote group-interested behaviors and prevent self-interested behaviors (Carnes et al., 2015; de Waal, 1996; Haidt, 2008; Janoff-Bulman et al., 2009; Neuberg & Cottrell, 2008; Parks et al., 2013; Rai & Fiske, 2011). In essence, these collections of mechanisms shape and enforce descriptive (i.e., how people commonly behave), injunctive (i.e., how people are morally obliged to behave), and personal (i.e., how people believe they themselves should behave) norms (Bellah, Madsen, Sullivan, Swidler, & Tipton, 1991; Janowitz, 1975; Morris, Hong, Chiu, & Liu, 2015; Roucek, 1978). More specifically, first, individuals shape their descriptive norms (i.e., how people commonly behave) by observing the regularities of the beliefs or behaviors of the groups they partake in. Individuals use these descriptive norms as a basis for predicting others' behaviors, planning future behaviors, and social coordination (Morris et al., 2015). Second, when sufficient individuals adhere to these descriptive norms, they have the potential to evolve into injunctive norms (i.e., how people are morally obliged to behave) (Eriksson, Strimling, & Coultas, 2015; Kelley, 1971). Individuals are expected to adhere to these injunctive norms, lest they be punished for deviating from them (Bellah et al., 1991; Janowitz, 1975; Roucek, 1978). Third, what remains are rules that go "beyond matters of convention or approval" (Morris et al., 2015: 3), which are institutionalized through formalization and sacralization. Individuals who are exposed to such rules for a prolonged period of time are likely to incorporate them as personal norms (i.e., how an individual feels that he/she should behave), which serve as important moral guidelines that drive individuals' ethical behaviors (Conner & Armitage, 1998; White, Smith, Terry, Greenslade, & McKimmie, 2009).

Normative systems of social control, therefore, are very effective at shaping and enforcing descriptive, injunctive, and personal norms amongst the individuals whom are subject to these systems (Haidt & Kesebir, 2010; Neuberg & Cottrell, 2008; Vogel, 2004). Adherence to these norms is perceived as 'right', whereas deviation from these norms is perceived as 'wrong'. Within the context of normative systems of social control, then, ethics

refer to the extent to which individuals adhere to these norms, with adherence to norms not only being 'right' but also 'ethical', and deviation from norms not only being 'wrong' but also 'unethical'. The question, then, is what the substance of 'right' and 'wrong' actually is – a question that treads in the domain of normative ethics.

Normative Ethics: Ethical Principles, and 'Right' and 'Wrong'

Whereas research on meta-ethics is primarily concerned with the definition and origin of ethics (e.g., normative systems of social control), research on normative ethics is primarily concerned with how specific ethical principles can determine whether conduct is 'right' or 'wrong', and why individuals choose to act 'right' or 'wrong' (i.e., engage in ethical decision-making). Over the past millennia, various ethical principles have been proposed that individuals should use as a guide for their conduct – that is, use as a guide to determine whether certain conduct is 'right' or 'wrong', and to be able to provide an answer to the question: "what *ought* I do?" Three theories on normative ethics have been especially prevalent in determining what is 'right' and what is 'wrong': virtue ethics, deontological ethics, and consequentialist ethics. First, the theory of virtue ethics stresses the importance of *moral character*: it proposes that all individuals should pursue happiness and human flourishing (i.e., *eudaimonia*) by ensuring that their moral characters are virtuous (i.e., *arête*). A virtuous character can be developed by striving for wisdom, courage, temperance, justice, magnificence, liberality, friendship, sincerity, and self-respect, and by using practical wisdom (i.e., *phronêsis*) to make proper moral judgments. Second, the theory of deontological ethics stresses the importance of *duty*: it proposes that the morality of an action should be evaluated on the basis of whether this action adheres to (moral) rules, where the contents of moral rules can be based on categorical imperatives or divine commands, amongst others. Third, the theory of consequentialist ethics stresses the importance of *outcome*: it proposes that the morality of an action should be evaluated on the basis of whether this action yields a good outcome, where a good outcome can be defined, amongst others, as the extent to which it contributes to the welfare of the state (i.e., state consequentialism), to the maximization of pleasure and the minimization of pain (i.e., utilitarianism), to the self (i.e., ethical egoism), or even to others (i.e., ethical altruism). All three theories, then, propose different ethical principles that prescribe which characters, actions, and outcomes are 'right' and which ones are 'wrong'.

Although universal ethical principles can be very useful in determining what is 'right' and what is 'wrong' from a theoretical perspective, there are various issues that limit their

uses in coming to a practical and operational definition of unethical behaviors. First, not all individuals have the capacity to make moral judgments on the basis of abstract ethical principles (Kohlberg, 1969). Second, given a specific ethical dilemma, different ethical principles, both within and between theories on virtue, consequentialist, and deontological ethics, are likely to yield to different judgments as to which alternative is right and which is wrong (cf. the trolley problem; Foot, 1978). This is illustrated, for example, by the fact that the preference for ethical principles may not only differ between (e.g., Friesdorf, Conway, & Gawronski, 2015) but also within individuals (e.g., Körner & Volk, 2014; Lee & Gino, 2015), leading to different motivational outcomes (Janoff-Bulman et al., 2009), thereby making it ambiguous which ethical principle is most appropriate. Third, cultures vary substantially in what they perceive as virtuous and valuable (Haidt, 2001; Haidt & Joseph, 2004), which implies that even the same ethical principles would yield different conclusions across cultures as to what is 'right' and what is 'wrong'.

All in all, then, it is difficult to provide an operational definition of unethical behaviors based on universal ethical principles. This definitional issue has led many scholars to neglect defining unethical behaviors at all (Jones, 1991). Indeed, instead of providing a clear definition of unethical behaviors, most researchers simply look at specific behaviors that are "contrary to accepted moral norms in society (e.g., lying, cheating, stealing)" (Treviño et al., 2014: 636-637). In line with this precept, throughout this dissertation we will define unethical behaviors as any act that is "either illegal or morally unacceptable to the larger community" (Jones, 1991: 367). Given this definition and the fact that we have already established that individuals frequently engage in unethical conduct, the question then is why individuals would engage in such behaviors.

Ethical Decision-Making and Choosing to Act Unethically

Research has established that unethical behaviors typically result from two cognitive processes (Barsky, 2008): either from an inability to identify the ethical outcome in an ethical dilemma (e.g., Ferrell & Gresham, 1985; Jones, 1991; Rest, 1986), or an inability to constrain the need or desire to engage in unethical conduct (e.g., Bandura, 1990; Bandura, Barbaranelli, & Caprara, 1996). Considering the abundant evidence that most individuals develop the ability to identify ethical dilemmas (for a review on moral development, see: Narvaez & Lapsley, 2009) over time and experience (e.g., Abernathy & Hamm, 1995; Dunn, 1988; Harris & Nunez, 1996; Narvaez, 2006; Rest, 1986; Rest & Narvaez, 1994; Smetana, 1985), we will assume that most individuals are able to identify the unethical

nature of an unethical act, which consequentially leads us to assume that unethical acts mostly result from a deliberate choice (Jordan, 2009). What is left, then, is to explain what the processes are that are involved in making the deliberate choice to act unethically (i.e., ethical decision-making), which is a central theme in moral psychology (Kish-Gephart et al., 2010; Treviño et al., 2014).

Ethical decision-making refers to the processes involved in deciding between two alternatives in an ethical dilemma (i.e., a complex situation in which an individual has to choose one of two ethically-laden options). Thus far, various models have been proposed to explain the cognitive and affective processes involved in making such choices (for reviews on ethical decision-making, see: Craft, 2013; Ford & Richardson, 1994; Loe, Ferrell, & Mansfield, 2000; O'Fallon & Butterfield, 2005). Whereas the initial models argued that ethical decision-making largely results from deliberative cognitive processes (e.g., Jones, 1991; Rest, 1986), more recent models have argued and shown that intuitive affective processes are involved, as well (e.g., Greene, 2014; Haidt, 2001; Reynolds, 2006). Although individuals are naturally inclined to make the most ethical decision possible (Goldie, 2007; Mulder, Jordan, & Rink, 2015; Neuberg & Cottrell, 2008), these decisions can be influenced (Barsky, 2008) by various motives that individuals may have (e.g., internalization, social identity, rational choice, social autopilot, and social radar; Morris et al., 2015). Given our context of normative systems of social control, we will argue that descriptive, injunctive, and personal norms serve as the main motives that influence ethical decisions because they *inhibit* individuals to make unethical decisions, but that external factors can override these inhibitions and *enable* individuals to make unethical decisions.

Inhibitors and enablers of unethical conduct. Injunctive and descriptive norms generally specify how individuals are obliged and expected to behave. Individuals who deviate from injunctive norms (and to a lesser extent from descriptive norms) are branded 'defectors'. These defectors are very likely to be punished for their norm deviation (Bellah et al., 1991; Keck, 2014), such that any harm that this deviation has done to individual victims (Carlsmith, 2006; Whitson, Wang, Kim, Cao, & Scrimpshire, 2015; Whitson, Wang, See, Baker, & Murnighan, 2015) or society as a whole (Atran & Ginges, 2012; Ginges, Atran, Medin, & Shikaki, 2007; Haidt & Graham, 2009) is reciprocated, thereby restoring the moral balance and reaffirming the norms and rules specified by the normative system of social control (Durkheim, 1933; Heider, 1958; Tyler & Boeckmann, 1997; Vidmar & Miller, 1980; Wenzel & Thielmann, 2006). In addition to this direct punishment, defectors

are likely to suffer damage to their reputation, as well (Rand et al., 2009; Ule et al., 2009; Wedekind & Milinski, 2000), which deprives defectors from various benefits associated with having a moral rather than an immoral reputation (Bereczkei, Birkas, & Kerekes, 2007; Berg, Dickhaut, & McCabe, 1995; Camerer & Weigelt, 1988; Delgado, Frank, & Phelps, 2005; Haley & Fessler, 2005; Hoffman, McCabe, Shachat & Smith, 1995; Kurzban, 2001). Given that individuals do not want to be punished and do not want to suffer damage to their reputation, individuals are generally inhibited from deviating from injunctive and descriptive norms, especially if there is a high likelihood that they will be caught (Andenaes, 1974; Beccaria, 1972; Zimring & Hawkins, 1973).

In contrast to injunctive and descriptive norms, which are typically based on the rules provided by others, personal norms refer to internalized moral rules that are based on the rules of oneself, and are therefore a representation of an individual's moral self-image (Parker, Manstead, & Stradling, 1995). Personal norms are activated both consciously and subconsciously when faced with ethical content (Welsh & Ordóñez, 2014), and individuals use them to assess whether they believe that certain behaviors are appropriate or inappropriate (Schwartz, 1977). Engaging in unethical behaviors, then, constitutes a direct violation of personal norms. Given that individuals do not want to tarnish their moral self-image (Jordan & Monin, 2008; Jordan, Mullen, & Murnighan, 2011a), individuals tend to be inhibited from engaging in such unethical behaviors, making personal norms an important predictor of ethical intentions and behaviors (Conner & Armitage, 1998; White et al., 2009).

Individuals are generally inhibited from engaging in unethical behaviors, then, because they do not want to be punished (i.e., violate injunctive norms) and do not want to ruin their moral self-image (i.e., violate personal norms). Although these inhibitions are relatively powerful, there are various means through which individuals can release these inhibitions, for example through morally rationalizing (Bandura, 1990; Bandura et al., 1996; Moore, Detert, Treviño, Baker, & Mayer, 2012) and licensing (Blanken, van de Ven, & Zeelenberg, 2015), or a depletion of self-control resources (Gino, Schweitzer, Mead, & Ariely, 2011; Mead, Baumeister, Gino, Schweitzer, & Ariely, 2009; Restubog, Zagencyk, Bordia, Bordia, & Chapman, 2012). Releasing these inhibitions, then, removes most moral restraints that individuals may have to engage in unethical behaviors, which makes these individuals far more likely to actually engage in said behaviors. While these 'releasers' can explain *how* individuals can cast away their inhibitions to engage in unethical behaviors, they do not shed light on *why* individuals would want to behave unethically in the first place. The question, then, is what reasons individuals could possibly have to engage in

unethical behaviors – reasons strong enough to let go of all inhibitions and deviate from descriptive, injunctive, and personal norms.

The answer to this question lies in the fact that in certain situations, descriptive, injunctive, and personal norms may be at odds with immediate desires that individuals may have – that is, individuals may want to ensure a short-term desirable outcome (Brief, Buttram, & Dukerick, 2001; Gino et al., 2011) in an unethical manner that is at odds with the extant descriptive, injunctive, and personal norms. In such situations, individuals tend to weigh the benefits and costs associated with norm adherence against the benefits and costs of norm deviance (Becker, 1968). If the likelihood and severity of punishment is relatively low, norm deviation tends to yield a higher payoff than norm adherence (Ule et al., 2009). When this is the case, individuals are far more likely to deviate from norms (Bellah et al., 1991), and are thus more easily tempted into engaging in unethical behaviors (Becker, 1968; Pittarello, Leib, Gordon-Hecker, & Shalvi, 2015; Rickman & Witt, 2007; Wang, Zhong, & Murnighan, 2014), regardless of whether these unethical behaviors would harm others (Gneezy, 2005).

Towards a Definition of *Functional* Unethical Behaviors

In conclusion, then, individuals are inhibited from engaging in unethical behaviors because they do not want to be punished (i.e., violate injunctive [and descriptive] norms) or do not want to ruin their moral self-image (i.e., violate personal norms). These inhibitions can be released, however, when the costs associated with unethical behaviors are low and their benefits high. Costs, in this sense, mainly refer to the likelihood and severity of punishment. Benefits, on the other hand, can refer to a multitude of specific outcomes that unethical behaviors could yield (for reviews on unethical behaviors in organizations, see: Kish-Gephart et al., 2010; Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2014). Instead of focusing on such specific outcomes, however, in this dissertation we will take a more general approach by considering how the *functionality* of unethical behaviors serves as their prime benefit. More specifically, we propose that the *functionality* of unethical behaviors refers to the fact that unethical behaviors can serve as a more effective or efficient (i.e., functional) alternative to ethically-neutral behaviors. More effective, in this sense, refers to the fact that unethical behaviors are able to ensure outcomes that ethically-neutral behaviors *would not* have been able to ensure, whereas more efficient refers to the fact that unethical behaviors are able to ensure outcomes that ethically-

neutral behaviors *would also* have been able to ensure, albeit functional unethical behaviors being able to do so in an easier or less costly manner.

Most, if not all, cases of unethical behaviors can be interpreted in light of this functionality perspective. Considering unethical behaviors in light of economic benefits, for instance, individuals can be observed to engage in unethical behaviors as a function of attaining monetary welfare because these behaviors are more *effective* and *efficient* than ethically-neutral behaviors such as hard work and effort (e.g., Rickman & Witt, 2007; Winterich, Mittal, & Morales, 2014). But even beyond economic benefits, unethical behaviors can be functional, for instance, in that they allow individuals to attain goals more efficiently (e.g., Gino & Margolis, 2011) or effectively (e.g., Schweitzer et al., 2004) by artificially enhancing performance, to enact revenge or retribution where they would otherwise be unable to do so (e.g., Nagin, Rebitzer, Sanders, & Taylor, 2002), to protect their own hierarchical standing (e.g., Garcia, Song, & Tesser, 2010) or powerbase (e.g., Williams, 2014), or even to protect other parties (Umphress, Bingham, & Mitchell, 2010). Furthermore, the functionality of unethical behaviors can extend beyond immediate outcomes, in that they allow individuals to attain outcomes that they feel *ought* to happen (Miceli & Castelfranchi, 2002), and to pre-emptively avoid the regret of not having attained an outcome (Effron, Bryan, & Murnighan, 2015; Epstude & Roese, 2008; Huang & Tseng, 2007). Although these references are far from exhaustive, our interpretation is that they demonstrate that unethical behaviors are associated with unique characteristics that make them a *functional* alternative to appropriate conduct, and that individuals *intentionally* engage in such functional unethical behaviors because they allow them to ensure an outcome in a more effective or efficient manner than appropriate conduct. In this influence, *functional* unethical behaviors share the same characteristics as unethical behaviors as defined earlier ("either illegal or morally unacceptable to the larger community" [Jones, 1991: 367]), but adds to this by emphasizing that individuals engage in these behaviors with a specific purpose, that purpose being the ensuring of a specific outcome in a more effective or efficient way than through appropriate means. While this addition may seem slight or even redundant, it is a vital component for us to argue how management tools motivate functional unethical behaviors, which, having reviewed what ethics (i.e., meta-ethics) and ethical decision-making are (i.e., normative ethics), we now turn.

Applied Ethics: Management Tools and *Functional* Unethical Behaviors

Whereas research on normative ethics is primarily concerned with how specific ethical principles can determine whether conduct is 'right' or 'wrong' in general, research on applied ethics uses these ethical principles to draw moral judgments within specific practical contexts. Within the context of this dissertation, this practical context refers to 'business ethics' in general, and 'management tools' specifically. Thus far, we have neglected to provide a definition of such management tools. The primary reason for this is that there are a wide variety of management tools (e.g., high performance work practices [Huselid, 1995], participative leadership practices [Lam, Huang, & Chan, 2015], i-deals [Ng & Lucianetti, 2015], and knowledge management practices [Coombs & Hull, 1998], which are all used for different reasons (e.g., Berger & Berger, 2008; Gerhart & Rynes, 2003). This makes it difficult to provide a single operational definition of management tools. Given that this dissertation (1) is focused on unethical behaviors that are functional to ensuring certain outcomes, (2) that these outcomes tend to be associated with certain standards and goals (e.g., Cadsby et al., 2010; Jensen, 2001, 2003; Ordóñez et al., 2009; Schweitzer et al., 2004), and (3) that these standards and goals are typically set by management, it seems prudent to limit ourselves to management tools that are focused on setting standards and goals to enhance the performance of individual employees, such as ranked competitions (Garcia et al., 2006), goal setting (Locke & Latham, 1990, 2004, 2006), and differentially treating employees (e.g., Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Settoon et al., 1996). The question, then, is why managers would use such management tools.

The primary reason why managers use management tools lies in their useful ability to influence the affect, cognitions, motivations, and behaviors of individual employees. In terms of the three management tools on which this dissertation focuses, for instance, ranked competitions elicit a unidirectional drive upwards (cf. social comparison theory; Festinger, 1954) that motivates employees to move to the top of the ranking, goal setting elicits an eagerness motivation (i.e., promotion-focused goals that stress rewards) when employees strive for goals that imply rewards or a vigilance motivation (i.e., prevention-focused goals that stress punishments) for goals that imply non-punishment (cf. regulatory focus theory; Higgins, 1997), and differentially treating employees motivates employees to positively or negatively reciprocate the exchange relationship that they have with their manager (cf. social exchange theory; Blau, 1964; Gouldner, 1960). As a result of these

different motivations, then, ranked competitions (for a review, see: Garcia et al., 2013), goal-setting (for reviews, see: Gorman, Meriac, Overstreet, Apodaca, McIntyre, Park, & Godbey, 2012; Lanaj, Chang, & Johnson, 2010; Locke & Latham, 2002), and differentially treating employees (for reviews, see: Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012; Ilies, Nahrgang, & Morgeson, 2007; Martin, Guillame, Thomas, Lee, & Epitropaki, 2015) motivate employees to act to the best of their potential. The purpose of these management tools, then, is to elicit these motivations, all for the purpose of meeting the standards or goals as specified by these management tools.

Despite their abundant merits, however, management tools have certain issues that may detract from their usefulness. The most important issue is that some management tools have the potential of motivating unintended behaviors amongst their employees (Harbring & Irlenbusch, 2008; Jensen, 2003; Ordóñez et al., 2009), most notably those management tools that revolve around compensation systems (Jensen, 2003). This insidious potential of motivating unintended behaviors can largely be explained by the functional unethical behavior perspective posited in this dissertation. This is because most management tools emphasize certain standards or goals that are to be met: reaching the top ranks *in casu* ranked competitions, meeting a certain sales target *in casu* goal setting, and pleasing one's supervisor *in casu* differentiating amongst workers, for example. Meeting these standards and goals becomes so important to individual employees, then, that they are extraordinarily focused and motivated to attain them. Not all standards and goals are easy or possible to meet, however, which means that many individual employees are unlikely to ensure their desired outcome. In such cases, individuals are likely to consider unethical behaviors as a functional alternative, provided that these behaviors *do* allow these individuals to effectively or at least more efficiently meet the proposed standards and goals. If these unethical behaviors are indeed functional, and if the proposed standards and goals are important enough to meet, these unethical behaviors should result in sufficient benefits for individuals to engage in them.

Overview of This Dissertation

In sum, then, the main proposition of this dissertation is that management tools may effectively motivate functional unethical behaviors amongst individual employees. As mentioned earlier, we will assess this proposition throughout three empirical chapters (Chapters 2 through 4) on which we will reflect in a general discussion chapter (Chapter 5). The contents of the specific chapters are as follows.

Chapter 2: Ranked Competitions

In Chapter 2 of this dissertation, we will empirically demonstrate that specific aspects of ranked competitions motivate unethical behaviors. More specifically, we will demonstrate that individuals competing for top ranks (i.e., the most important rank within ranked competitions) are more likely to engage in unethical behaviors than individuals competing for intermediate and bottom ranks. Additionally, we will demonstrate that individuals competing to avoid bottom ranks are equally likely to engage in unethical behaviors as individuals competing to attain top ranks when these bottom ranks imply punishments. Chapter 2, therefore, has two important implications. First, it implies that ranked competitions may actually motivate individuals to engage in unethical behaviors in order to immediately attain the goals implied by the competition. Second, it implies that rewards and punishments may also motivate unethical behaviors in order to attain (i.e., in case of rewards) or avoid (i.e., in case of punishments) them. These are especially grievous implications when considering the prevalence of ranked competitions, and rewards and punishments in daily organizational life.

Chapter 3: Goal Setting

In Chapter 3 of this dissertation, we will empirically demonstrate that being successful or unsuccessful in attaining previous goals motivate unethical behaviors on subsequent tasks. More specifically, Chapter 3 demonstrates that individuals who have successfully attained promotion-focused goals (i.e., goals in which positive outcomes are to be approached) are more likely to engage in unethical behaviors than individuals who have failed to attain promotion-focused goals, and that individuals who have failed to attain prevention-focused goals (i.e., goals in which negative outcomes are to be avoided) are more likely to engage in unethical behaviors than individuals who have successfully attained prevention-focused goals. Chapter 3, therefore, has two important implications. First, it implies that previously-pursued goals may motivate unethical behaviors on subsequent goals. Second, it implies that individuals respond differently to (un)successfully attaining goals that stress positive versus negative outcomes. These are especially grievous implications when considering how often goals are used to motivate employees in organizations, and how often goals are given in succession of one another.

Chapter 4: Differentially Treating Employees

In Chapter 4 of this dissertation, we will empirically demonstrate that the quality of the leader-member-exchange (LMX) relationship between supervisors and subordinates motivates different types of unethical behaviors amongst subordinates. More specifically, Chapter 4 demonstrates that a high quality LMX relationship motivates subordinates to engage in unethical behaviors that benefit their supervisor as a means to positively reciprocate this high quality LMX relationship, and that low quality LMX relationship motivates subordinates to engage in unethical behaviors that benefit themselves as a means to negatively reciprocate this low quality LMX relationship. Chapter 4, therefore, has two important implications. First, it implies that supervisors are able to motivate their subordinates to engage in different types of unethical behaviors. Second, it implies that subordinates differentially use unethical behaviors as modes of reciprocity. These are especially grievous implications when considering that all supervisor-subordinate dyads have an LMX relationship of some degree, and that high quality LMX relationships have traditionally solely been associated with positive outcomes.

Chapter 5: General Discussion

In Chapter 5 of this dissertation, we will review the empirical results of the three empirical chapters (Chapters 2 through 4) in light of a broader perspective of how management tools motivate functional unethical behaviors (this chapter). More specifically, we will first review the theoretical premises, methods, and results of the chapters on ranked competitions (Chapter 2), goal setting (Chapter 3), and differentiating amongst employees (Chapter 4). Second, we will review the theoretical and practical implication of these results in terms of management tools, functional unethical behaviors, and the relationship between the two. And finally, we will discuss some of the most important limitations and interesting suggestions for future research.

CHAPTER 2: RANKED COMPETITIONS[1]

Abstract

In this chapter, across five studies, we explore when, why, and how an individual's rank position affects unethical intentions and behaviors. We first demonstrate that individuals are more willing to engage in unethical behaviors to attain top rather than intermediate or bottom ranks (Study 2.1a), even when these ranks are close to, rather than actually at, the top (Study 2.1b). In Study 2.2, we demonstrate that when the meaningfulness of ranking standards is enhanced, both top and bottom ranks are more likely than intermediate ranks to behave unethically – with bottom ranks even exceeding top ranks. In Study 2.3 we replicate these results and demonstrate their unique mechanisms: elevated perceptions of power for those competing for top ranks and an increase in moral rationalizations for those competing for bottom ranks. Finally, in Study 2.4, we demonstrate that these effects extend to actual unethical behaviors. We discuss the theoretical and practical implications of these findings.

[1] This chapter is based on an earlier version of 'Vriend, T., Jordan, J., & Janssen, O. (2015). Reaching the top and avoiding the bottom: How ranking motivates unethical intentions and behavior. *Manuscript under review.*', which has been invited for a second-round revision at *Organizational Behavior and Human Decision Processes*.

Chapter 2: Ranked Competitions

"*Martin Winterkorn, Volkswagen's chief executive […], was in the midst of a plan to more than triple [Volkswagen's] sales in the United States in just a decade – setting it on a course to sweep by Toyota to become the world's largest automaker. […] Volkswagen's unbridled ambition is suddenly central to what is shaping up as one of the great corporate scandals of the age, [as] Volkswagen said it had installed software in 11 million diesel cars that cheated on emissions tests, allowing the vehicles to spew far more deadly pollutants than regulations allowed. […] On Mr. Winterkorn's watch, Volkswagen did become the largest automaker in the world, surpassing Toyota in July. He had two months to savor it.*"

– Hakim, Kessler, & Ewing, 2015, September 26.

Rankings, that is, positions by which persons or groups are ordered according to their performance on relevant dimensions, are pervasive in all levels of modern societal life (Garcia et al., 2006). In organizational life, via fostering competition amongst employees, rankings are often used to maximize performance within and between organizations. Given the ubiquitous and important role of rankings, it is surprising that research on rankings has only recently begun to flourish (e.g., Chen, Myers, Kopelman, & Garcia, 2011; Garcia & Tor, 2007; Garcia et al., 2006, 2010; Pettit, Sivanathan, Gladstone, & Marr, 2013; Poortvliet, 2012; Poortvliet, Janssen, Van Yperen, & Van de Vliert, 2009). The existing research has first and foremost focused on competition between commensurate rivals, and how competitive behavior intensifies through individuals' "need to outperform all commensurate rivals on a valued dimension" (Festinger, 1954: 124) and their proximity (both physical and psychological) to meaningful standards, such as the top or bottom of the ranking scale (Garcia et al., 2006; Garcia, Tor, & Schiff, 2013).

Other research, however, suggests that increased competition among rivals may spark unethical behaviors as an alternative to proper courses of conduct (Franken & Brown, 1995; Malhotra, 2010; Poortvliet, 2012). Indeed, recent scandals in business and sports suggest that competing individuals and organizations choose to engage in unethical behaviors as alternatives to fair competition. Such unethical behaviors provide competitors with an unfair advantage that allows them to outcompete rivals that they may not have outcompeted had they played by "the rules of the game" (Barsky, 2008; Ordóñez et al., 2009; Schweitzer et al., 2004). This unfair play circumvents the basis on which rankings are based (i.e., a rank order of actual *performance* on a relevant dimension), thereby negating

their legitimacy. Given the prevalence of rankings in modern organizational life, it is crucial to investigate when, why, and how rankings motivate such unethical behaviors.

Drawing from ranking theory (Garcia et al., 2006), we argue that the need to outperform all commensurate rivals, known as the *unidirectional drive upwards* (Festinger, 1954; Garcia et al., 2006, 2013), combined with the proximity to ranks with meaningful standards, motivate competitors' willingness to engage in unethical conduct. Across five studies we provide evidence for this argument. First, in line with the unidirectional drive upwards, we show that top ranks elicit more unethical intentions than intermediate or bottom ranks (Study 2.1a), even when competing within the vicinity of these ranks (i.e., close to top; Study 2.1b). Second, when providing additional meaning consequences to the top ranks (i.e., explicit rewards) and bottom ranks (i.e., explicit punishments), we show that both top and bottom ranks elicit more unethical intentions than intermediate ranks, with bottom ranks even exceeding top ranks in unethicality (Study 2.2) (cf. prospect theory; Kahneman & Tversky, 1979). Third, we argue and show that an elevated experience of power (Keltner, Gruenfeld, & Anderson, 2003) serves as a driver of unethical intentions to attain top ranks, whereas an increase in moral rationalizations (Bandura, 1990; Bandura et al., 1996; Moore et al., 2012) serves as a driver of unethical intentions to avoid bottom ranks (Study 2.3). Finally, we demonstrate that meaningful top and bottom ranks also elicit greater actual unethical behavior than intermediate ranks (Study 2.4).

By means of the present investigation, we aim to contribute to the literature in various ways. First, we contribute to the literature on ranking theory (Garcia et al., 2006) by demonstrating that both the unidirectional drive upward and the presence of meaningful ranking standards elicit unethical conduct at both the top and the bottom of the ranking spectrum. Second, we integrate literature on ranking theory (Garcia et al., 2006) with insights from that on power (Anderson & Galinsky, 2006; Galinsky, Gruenfeld, & Magee, 2003; Jordan, Sivanathan, & Galinsky, 2011b; Keltner et al., 2003) and moral rationalizations (Bandura, 1990; Bandura et al., 1996; Moore et al., 2012) in order to explain *why* those in top and bottom ranks are more likely to act unethically than are those in intermediate ranks. We do so by showing that elevated perceptions of power cause those seeking to reach the top ranks to consider unethical behaviors, whereas those seeking to avoid the bottom harness moral rationalizations to justify acting unethically in their disadvantaged position. In sum, the current investigation demonstrates that while unethical behavior is more common at the top and the bottom than in the middle, the reason behind these effects are not uniform across the ranking spectrum.

The Unidirectional Drive Upward and Proximity to Meaningful Standards

Rankings are lists in which all participating competitors are ordered based on their performance on a valued, ability-laden dimension. Drawing from social comparison theory (Festinger, 1954), ranking theory proposes that individuals constantly compare their own performance on this ability-laden dimension with the performance of their commensurate rivals. Through these comparisons, individuals assess whether their commensurate rivals are outperforming or close to outperforming them. Being outperformed by a commensurate rival on a valued dimension is a painful experience that drives individuals to attempt to (re)establish their superiority over their rival. This process is what is referred to as 'competition,' and is regulated by the unidirectional drive upward. This unidirectional drive upward, therefore, motivates individuals to outcompete all of their commensurate rivals until they have reached the highly desirable ranking standard of 'the top' (Garcia et al., 2006).

In addition to this social comparison process, ranking theory states that the effects of the unidirectional drive upwards on competition are conditional upon the meaningfulness of ranking standards, as well as the proximity of individuals to these standards. Meaningful ranking standards are those ranks that have specific characteristics, which vary in valence (i.e., desirable vs. undesirable) and severity (i.e., many vs. few implications). Although any rank can be made meaningful by associating it with additional implications, such as rewards or punishments, research on rankings typically limits itself to top (i.e., being in first place), intermediate (i.e., being in the middle of the ranking), and bottom (i.e., being in last place) ranks that are void of such additional implications (e.g., Garcia et al., 2006; Poortvliet et al., 2009). Out of these three ranks, a top rank (i.e., being in first place) is typically considered to be the most meaningful ranking standard because it signifies that the individual in that rank has the highest performance and is therefore the best. Top ranks, therefore, are the ultimate manifestation of the unidirectional drive upward, and considered to be a positive ranking standard that is highly desirable for individuals to obtain. In contrast, an intermediate rank, which signifies that an individual performs at an average level, and a bottom rank, which signifies that an individual has the lowest performance of all competitors, are typically considered to be less meaningful, although this lack of meaning may depend on the type of achievement goals and personality characteristics that an individual has (Garcia et al., 2013; Poortvliet et al., 2009).

Provided that a rank is meaningful – that is, the valence and severity of this rank's consequences make it sufficiently desirable or undesirable – it is the *proximity* to this rank

that determines whether the unidirectional drive upwards motivates individuals to outcompete their commensurate rivals (Garcia et al., 2006). The effects of proximity are primarily due to the fact that proximal ranks seem more relevant and feasible to reach than distant ranks (e.g., Förster, Higgins, & Idson, 1998). Hence, given that a top rank is considered to be the most meaningful ranking standard, an individual's motivation to outcompete his or her commensurate rival should increase with his or her proximity to this top rank.

Unethical Behavior as Alternative to Fair Competition

Research on rankings has investigated various behavioral responses to meaningful ranking standards (Garcia et al., 2013). Most research has looked at how meaningful standards motivate fair or legitimate modes of behaviors – behaviors that are within the rules of the game and serve to attain or avoid a specific rank. Examples of such behaviors are competition against or cooperation with a commensurate rival (Garcia et al., 2006; Poortvliet et al., 2009) and even harmful and aggressive behaviors that may interfere with the commensurate rival's task performance (Franken & Brown, 1995; Malhotra, 2010; Poortvliet, 2012). Such legitimate modes of behaviors may, however, be very costly in terms of spent effort and resources, and may not always lead to the desired outcomes (Gino et al., 2011; Mead et al., 2009; Ordóñez et al., 2009; Schweitzer et al., 2004). We suggest that in cases where legitimate modes of behaviors to achieve the desired outcomes are costly or difficult, individuals may opt for the use of unethical behaviors as an alternative to these legitimate modes of operation.

Unethical behaviors are defined as conduct that is "either illegal or morally unacceptable to the larger community," (Jones, 1991: 367) and that violate pre-set rules to attain opportunistic gains at the expense of others (Lewicki, 1983). Adopting such behaviors may allow competitors to attain valuable and desirable outcomes that they would not have attained by playing by 'the rules of the game' (Ordóñez et al., 2009; Schweitzer et al., 2004). In general, competitors are inhibited from engaging in unethical behaviors, because the prospect of potential punishments outweighs the prospect of potential benefits (Becker, 1968; Gino & Margolis, 2011). When the value and desirability of the potential benefits increase, however, the scale is likely to be tipped in favor of adopting unethical behaviors (Barsky, 2008; Ordóñez et al., 2009; Schweitzer et al., 2004).

Research on competition, in general, and rankings, in specific, hints that individuals in ranked competitions may be motivated to use unethical strategies. For example, it has

demonstrated that general competition increases individuals' desire to win (Malhotra, 2010), aggressiveness (Franken & Brown, 1995), and deceptive and harmful behaviors toward their commensurate rivals (Poortvliet, 2012; Poortvliet et al., 2009). Additionally, individuals with relatively high standings are constantly concerned that their current position is under threat (Garcia et al., 2010), which may create prospects of potential losses (Marr & Thau, 2014), increasing the potential for anger, violence (Baumeister, Smart, & Boden, 1996), and risky behavior (Bothner, Kang, & Stuart, 2007). Lastly, competition may cause individuals to lose grasp of their internal goals and standards and to instead shift focus to their commensurate rivals (Van Yperen & Leander, 2014). This may raise the belief that their commensurate rivals will take advantage of them (Vohs, Baumeister, & Chin, 2007), causing individuals to engage in unethical behaviors in a preemptive attempt to protect themselves (Pierce, Kilduff, Galinsky, & Sivanathan, 2013).

The Present Research

Taken together, we propose that an individual's degree of unethical behavior increases with the unidirectional drive upward and the proximity to meaningful ranks. First, because top ranks are considered to be the "obvious, basic, and ubiquitous standard" (Garcia et al., 2006: 271), we expect individuals to have the highest levels of unethical intentions when they are competing for top ranks that are unaccompanied by additional consequences, rather than intermediate or bottom ranks, also without additional consequences. We investigate these effects in Studies 2.1a and 2.1b using a within-subjects experimental design. Second, because the meaningfulness of ranking standards can be altered through their strength and valence, we expect that bottom ranks with additional negative consequences (i.e., punishments) are equally meaningful as top ranks with additional positive consequences (i.e., rewards), meaning that these bottom and top ranks will both elicit more unethical intentions than intermediate ranks. We investigate these effects in Study 2.2. Third, we expect elevated perceptions of power to prompt such unethical intentions for those competing in top ranks, and an increase in moral rationalizations to prompt such unethical intentions for those competing in bottom ranks. We investigate these mechanisms underlying the ranking effects in Study 2.3. Lastly, in Study 2.4, we examine whether these meaningful ranking standards also elicit actual unethical behaviors.

Across the studies, we use samples from both business student (The Netherlands) and Mechanical Turk (Mturk) (United States) populations. For the Mturk samples, participants were unable to participate in follow-up studies – if they did participate, we

excluded them from those studies. There is evidence to suggest that Mturk and actual lab samples are equivalent in terms of response and research quality (e.g., Buhrmester, Kwang, & Gosling, 2011; Goodman, Cryder, & Cheema, 2013; Paolacci & Chandler, 2014).

Study 2.1a: Top Ranking Standards and Unethical Intentions

As a first test of our predictions, we conducted Study 2.1 in order to investigate whether top ranks (minus any explicit additional consequences) elicited a higher willingness to engage in unethical behaviors than intermediate or bottom ranks (also minus any additional consequences). If true, this result should support our contention that top ranks are considered to be more a meaningful ranking standard than intermediate or bottom ranks.

Methods

Participants and design. One-hundred and twenty-eight United States residents (M_{age} = 34.83, SD_{age} = 11.77, 37% female) were recruited through Mturk. We told participants that we were investigating how personality characteristics influence the decisions that people make. They were provided with $0.25 for participation. After participants read and signed the informed consent, we randomly assigned them to one of five experimental conditions in our 5 (Scenario [between-subjects]) x 3 (Rank: bottom vs. intermediate vs. top [within-subjects]) mixed design.

Procedure. Consistent with previous research on ranking effects (e.g., Garcia et al., 2006; Garcia & Tor, 2007), we used several decision-making scenarios (see Appendix A for the scenarios employed in Studies 2.1a and 2.1b) to enhance psychological realism and thus external validity (Aronson, Wilson, & Brewer, 1998). Each scenario described that the competitor was tied with his or her rival for two specific ranks (i.e., rank #n and rank #n+1). A zero-sum situation (Bazerman, Baron, & Shonk, 2001; Lawler, 2003; Mittone & Savadori, 2009) was implied in which either the competitor or rival would attain the higher of the two ranks. Subsequently, the scenario described that the competitor could increase the likelihood of attaining the higher rank (#n) instead of the lower rank (#n+1) by engaging in a specific unethical behavior.

The five scenario conditions contained situations in which participants had the possibility of sabotaging their rival's play (Scenario #1, 100 competitors) or acquiring additional chips (Scenario #2, 100 competitors) in a poker tournament, overstating their

performance in an organizational context (Scenario #3, 30 competitors), manipulating the sales system in a sales department (Scenario #4, 40 competitors), and employing a key person in a Fortune 500 company, even though this would purposely violate pre-set industry norms and rules (Scenario #5, 500 competitors). After reading the scenario, we asked participants, in a randomized order, to indicate how likely they would be to engage in the specified unethical behavior if they were tied for top, intermediate, and bottom rank.

Dependent variable. As a within-subjects test of our rank factor, we presented three questions asking about the likelihood with which participants would engage in the specified unethical behavior. The three questions all had the same setup: "How likely would you be to [unethical behavior] if you were tied for ranks [#n] and [#n+1] out of [total N]?" (1 = *very unlikely*, 7 = *very likely*). The questions asked this for the bottom (second-to-last and last place), intermediate (total possible ranks/2 and [total possible ranks/2] + 1), and top ranks (first and second place).

Results

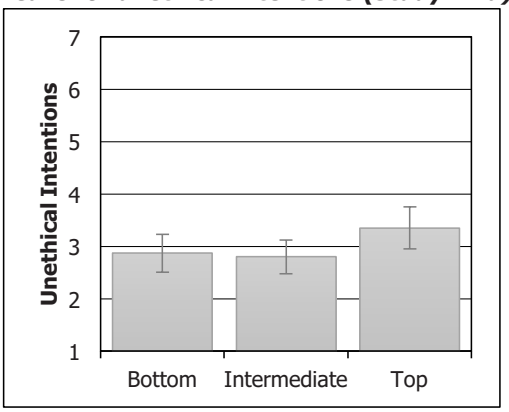
Unethical intentions. We analyzed the data using a repeated-measures analysis of variance with scenario as between-subjects factor, and rank as within-subjects factor. We inspected the lower-bound, because this is the most conservative test of our expectations. This analysis (lower-bound) revealed a main effect of rank, $F(1, 122) = 6.38$, $p < .01$, $\eta^2_p = .05$, and no interaction effect of scenario, $F(4, 122) = 1.21$, $p > .10$, $\eta^2_p = .04$. As expected, additional contrast analyses (see Figure 2.1) revealed that top ranks elicited more unethical intentions ($M = 3.35$, $SD = 2.30$) than intermediate ($M = 2.80$, $SD = 1.87$), $F(1, 122) = 10.75$, $p < .01$, $\eta^2 = .08$, or bottom ranks ($M = 2.87$, $SD = 2.06$), $F(1, 122) = 5.20$, $p < .05$, $\eta^2 = .04$, and that there were no differences between intermediate and bottom ranks, $F(1, 123) = 0.39$, $p > .10$, $\eta^2 = .00$.

Discussion

In support of our predictions, the results of Study 2.1a show that top ranks elicit more unethical intentions than intermediate or bottom ranks. These results are supportive of our argument that the unidirectional drive upward generally makes top ranks more meaningful than intermediate and bottom ranks (Garcia et al., 2006), and that top ranks therefore elicit more unethical intentions (Lewicki, 1983). These results do not, however, provide support for our argument that it is the *proximity* to meaningful standards rather than the

meaningful standards in and of themselves that make individuals more willing to consider unethical behavior as a viable alternative to fair play. If this proximity argument is true we should expect to find similar effects on unethical intentions for ranks that are *close* to these meaningful standards. We investigate this possibility in Study 2.1b.

Figure 2.1
Means for unethical intentions (Study 2.1a)



Note. Error bars represent standard errors.

Study 2.1b: Proximity to Top Ranking Standards and Unethical Intentions

As an extension of the results found in Study 2.1a, the main purpose of Study 2.1b was to see whether individuals would still be more willing to engage in unethical behaviors when they were competing *close to* top ranks (e.g., second and third place instead of first and second place) rather than when they were competing for intermediate ranks or *close to* bottom ranks (e.g., third-to-last and second-to-last place).

Methods

Participants and design. Eighty-eight business undergraduates from a Dutch university (M_{age} = 21.24, SD_{age} = 3.21; 45% female) participated in this study for either €6 or partial course credit. Participants were told that the study investigated how people perform under pressure and how they respond to different scenarios. All of the materials were presented in English. After participants read and signed the informed consent, we randomly assigned them to one of five experimental conditions in a 5 (Scenario [between-subjects]) x 3 (Rank: proximal bottom vs. intermediate vs. proximal top [within-subjects]) mixed design.

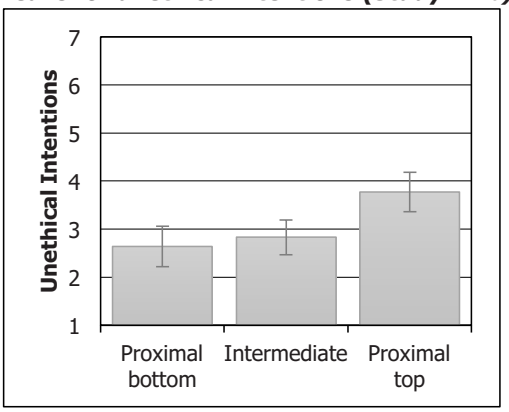
Procedure. Procedures were identical to Study 2.1a.

Dependent variable. The same questions were asked as in Study 2.1a, with the alteration that top ranks (i.e., first and second place) were replaced with *close to* top ranks (i.e., second and third place for Scenarios #1 through 4 and fourth and fifth place for Scenario #5) and that bottom ranks (i.e., second-last and last place) were replaced with *close to* bottom ranks (i.e., third-to-last and second-to-last place for Scenarios #1 through #4 and fifth-to-last and fourth-to-last for Scenario #5).

Results

Unethical intentions. We analyzed the data using a repeated-measures analysis of variance with scenario as between-subjects factor, and rank as within-subjects factor. This analysis (lower-bound) revealed a main effect of rank, $F(1, 83) = 12.92$, $p < .01$, $\eta^2_p = .14$, and no interaction effect of scenario, $F(4, 83) = 0.50$, $p > .10$, $\eta^2_p = .02$. As expected, additional contrast analyses (see Figure 2.2) revealed that participants in proximal top ranks had higher unethical intentions ($M = 3.77$, $SD = 2.16$) than intermediate ($M = 2.83$, $SD = 1.74$), $F(1, 83) = 17.41$, $p < .01$, $\eta^2 = .17$, or proximal bottom ranks ($M = 2.64$, $SD = 2.00$), $F(1, 83) = 14.75$, $p < .01$, $\eta^2 = .15$, and that there were no significant differences between the unethical intentions of intermediate and proximal bottom ranks, $F(1, 83) = 1.19$, $p > .10$, $\eta^2 = .01$.

Figure 2.2
Means for unethical intentions (Study 2.1b)



Note. Error bars represent standard errors.

Discussion

In support of our predictions, the results of Study 2.1b show a similar pattern as Study 2.1a; competing close to top ranks elicits unethical intentions, more so than competing for intermediate ranks or close to bottom ranks, and therefore are supportive of our argument that it is the unidirectional drive upward combined with the proximity to meaningful standards that elicits unethical intentions. These results, in tandem with those of Study 2.1a, are consistent with other research on rankings and meaningful standards that has shown similar effects for competition and cooperation (e.g., Garcia et al., 2006; Poortvliet, 2012; Poortvliet et al., 2009).

Thus far, we have assumed that, in general, the top rank is the meaningful standard in a ranking context – that is, without any information to suggest otherwise, we assume that ranks contain an implicit meaning to their holders (or potential holders). In principle, however, any rank can become a meaningful ranking standard (Garcia et al., 2006), provided that there are meaningful consequences for individuals who either do or do not attain this rank. In real-life ranking situations, particular ranks may become meaningful standards because of the positive or negative consequences that are attached to them. Examples of such consequences are honor and shame in a simple child's game ("First one to the tree is the coolest-person-in-the-world," and the "Last one there is a rotten egg!," Garcia et al. 2006: 970), through promotions or demotions of employees at work, all the way to gaining or losing billion-dollar investment opportunities for leaders of Fortune 500 corporations. Although such consequences may theoretically be tied to any rank (e.g., intermediate ranks; Garcia et al., 2006), these consequences tend to be associated with top and bottom ranks such that top ranks imply rewards (e.g., prize money, a promotion, or access to important resources) and bottom ranks imply punishments (e.g., a fine, a demotion, denial of access to important resources).

Given that such rewards and punishments can enhance the valence and strength of ranking standards beyond those provided by the unidirectional drive upward, it is plausible that by providing meaning to a given rank position, we can influence individuals' intentions to act unethically. More specifically, by altering the valence and strength of the consequences associated with bottom and top ranks, we should be able to elicit levels of unethical intentions for bottom ranks that match or exceed those of unethical intentions for top ranks.

Study 2.2: Meaningful Ranking Standards and Unethical Intentions

The main purpose of Study 2.2 was to see whether the inclusion of additional positive consequences for top ranks and additional negative consequences for bottom ranks would alter the pattern of results found in Studies 2.1a and 2.1b. Specifically, we wanted to investigate whether bottom ranks with additional negative consequences would be equally likely as top ranks with additional positive consequences to elicit more intended unethical behaviors than intermediate ranks. We did so by using a similar experimental setup as Study 2.1a (i.e., we used actual rather than proximal top and bottom ranks), in which we altered the scenarios to include additional positive consequences for top ranks and negative consequences for bottom ranks. In order to investigate the robustness of our effects, we used two different samples originating from two countries (the United States and The Netherlands).

Methods

Sample A. Ninety-six business undergraduates of a Dutch university (M_{age} = 20.29, SD_{age} = 2.30, 34% female) participated in this study. They were provided with €8 or partial course credit for their participation. Participants were told that the study investigated how people perform under pressure and how they react to different scenarios.

Sample B. One-hundred and twenty-seven United States residents (M_{age} = 30.75, SD_{age} = 9.32, 41% female) were recruited through Mturk. They were provided with either \$0.25 (N = 68) or \$0.50 (N = 59) for their participation.[2] We told participants that we were investigating how personality characteristics influence the decisions that people make.

Design. After participants read and signed the informed consent, we randomly assigned them to one of five experimental conditions in a 5 (Scenario [between-subjects]) x 3 (Rank: bottom vs. intermediate vs. top [within-subjects]) mixed design.

[2] We decided to increase the compensation to \$0.50 due to slow data gathering. As a test of whether compensation would influence our results, we included it as an additional factor. This factor did not demonstrate significant (interaction) effects, indicating that compensation does not influence the results as presented here.

Procedure. Although the scenarios that we used were different from the previous studies, since we now included information to add consequences to the top and bottom ranks (see Appendix B for the scenarios employed in Studies 2.2 and 2.3), the procedures were identical to Studies 2.1a and 2.1b. Scenarios 1 and 2 contained situations in which overstating one's performance in an organizational context (30 employees) would lead one to receive a pay raise for being in first place or a pay cut for being in last place (Scenario #1), or a promotion for being in first place or a demotion for being in last place (Scenario #2). Scenarios 3 and 4 contained situations in which manipulating the sales system in one's sales department (40 employees) would lead one to receive the same pay raise/pay cut (Scenario #3) or promotion/demotion (Scenario #4). Finally, Scenario #5 placed the participant in the role of the CEO of a Fortune 500 company. In this role, the participant could employ a key person from a rival company, even though this would go against pre-established industry norms and rules. Employing this key person could make the difference between obtaining important exposure for being in first place, or losing important exposure for being in last place and hence, dropping out of the Fortune 500.

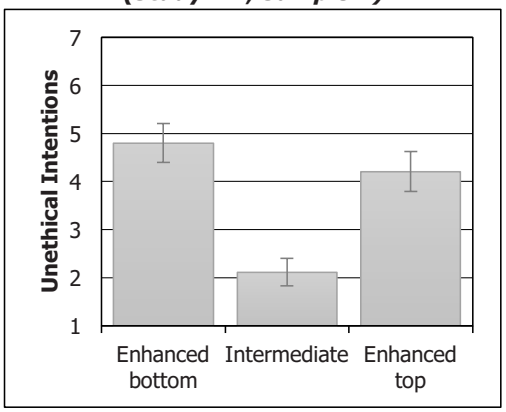
Dependent variable. The same questions were asked as in Studies 2.1a and 2.1b, albeit tailored to the relevant number of competitors in each scenario.

Results

Across both samples, we analyzed the data using a repeated-measures analysis of variance with scenario as a between-subjects factor, and rank as a within-subjects factor.

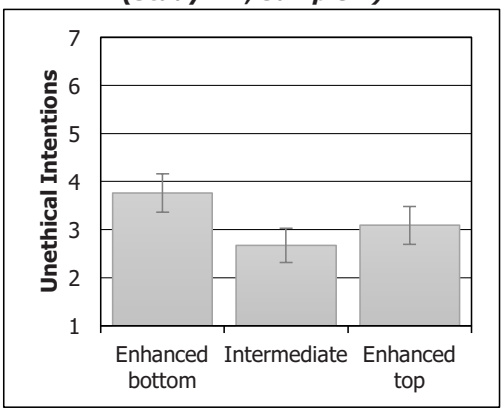
Sample A. Analyses (lower-bound) revealed a main effect of rank, $F(1, 91) = 72.26$, $p < .001$, $\eta^2_p = .44$, and an interaction effect of scenario, $F(4, 91) = 3.30$, $p < .01$, $\eta^2_p = .13$. As expected, additional contrast analyses (see Figure 2.3) revealed that both bottom ranks ($M = 4.80$, $SD = 2.02$), $F(1, 91) = 130.19$, $p < .001$, $\eta^2 = .59$, and top ranks ($M = 4.21$, $SD = 2.08$), $F(1, 91) = 82.08$, $p < .001$, $\eta^2 = .47$, elicited more unethical intentions than intermediate ranks ($M = 2.11$, $SD = 1.44$). Furthermore, we found that bottom ranks elicited more unethical intentions than top ranks, $F(1, 91) = 6.03$, $p < .05$, $\eta^2 = .06$.

Figure 2.3
Means for unethical intentions (Study 2.2, Sample A)



Note. Error bars represent standard errors.

Figure 2.4
Means for unethical intentions (Study 2.2, Sample B)



Note. Error bars represent standard errors.

Sample B. Analyses (lower-bound) revealed a main effect of rank, $F(1, 122) = 26.07$, $p < .001$, $\eta^2_p = .18$, and no interaction effect of scenario, $F(4, 122) = 0.70$, $p > .10$, $\eta^2_p = .02$. As expected, additional contrast analyses (see Figure 2.4) revealed that both bottom ranks ($M = 3.76$, $SD = 2.31$), $F(1, 122) = 46.29$, $p < .001$, $\eta^2 = .28$, and top ranks ($M = 3.09$, $SD = 2.25$), $F(1, 122) = 7.28$, $p < .01$, $\eta^2 = .06$, elicited more unethical intentions than intermediate ranks ($M = 2.67$, $SD = 2.04$). Furthermore, we found that bottom ranks elicited more unethical intentions than top ranks, $F(1, 122) = 22.88$, $p < .001$, $\eta^2 = .16$.

Discussion

In line with our predictions, the results of Study 2.2 are supportive of our argument that the meaningfulness of ranking standards influences unethical intentions. Results are consistent with Studies 2.1a and 2.1b, and yet also extend these findings. First, these results again indicate that top ranks with additional positive consequences elicit more unethical intentions than intermediate ranks. Second, by altering the meaningful standards of the top and bottom ranks, such that the bottom ranks become more meaningful (i.e., undesirable) due to their negative consequences, we again find support for our assertion that the willingness to engage in unethical behaviors depends on the proximity to meaningful ranking standards. Finally, given the within-subject nature of the study, competitors are seemingly able to cognitively differentiate between these positive and negative consequences and develop their unethical intentions accordingly.

An unpredicted finding is that bottom ranks with additional negative consequences elicit more unethical intentions than top ranks with additional positive consequences. This finding is, however, consistent with prospect theory (Kahneman & Tversky, 1979), which states that individuals are more sensitive to undesirable outcomes than they are to desirable outcomes, making these individuals more likely to take risks and engage in unethical behaviors to avoid these negative consequences rather than to attain these positive consequences (cf. Kern & Chugh, 2009). Given that we altered the meaningful standards such that bottom ranks were especially undesirable and that top ranks were especially desirable, it seems prudent to assume that the prospect of punishment outweighs (i.e., the bottom rank consequences) the prospect of rewards (i.e., the top rank consequences), such that bottom ranks exceed top ranks in unethical intentions.

Another unexpected finding is that Sample A, but not B, also showed an interaction effect of scenario. There are a couple possible reasons for this discrepancy. First, the number of competitors in each scenario varied widely (e.g., 30 versus 500), which may have differentially influenced the meaningfulness of each ranking position (Bothner et al., 2007; Garcia & Tor, 2009; O'Brien & Hagen, 2013). Another option is that the different roles that participants were instructed to assume affected their likelihood of acting unethically (e.g., being a lower-level employee versus a CEO). It is possible that given their education in business, as well as their lower socioeconomic status in society, the students that comprised Sample A were more sensitive to these differences than were the older Mturk workers that comprised Sample B.

Releasing Ethical Inhibitions for Top and Bottom Ranks

Thus far, we have demonstrated that meaningful ranking standards elicit unethical intentions in individuals competing for top and bottom ranks. In general, however, individuals are inhibited from engaging in unethical behaviors, primarily because they are afraid that it will damage their moral self-image (Jordan & Monin, 2008; Jordan et al., 2011a), and because they are afraid of potential punishments that they can incur (Becker, 1968; Lewicki, 1983). Before being enabled to engage in unethical behaviors, therefore, individuals need to be released of their ethical inhibitions (Tenbrunsel & Smith-Crow, 2008; Treviño et al., 2014). We propose that within the context of top and bottom ranks, two such sources of release are relevant: enhanced perceptions of power for those competing for top ranks and enhanced moral rationalizations for those competing for bottom ranks.

Perceptions of Power of Those in Top Ranks

Power is generally defined as the asymmetric control over valued resources that one individual has over another (Magee & Galinsky, 2008). Those with reduced power are dependent on those with elevated power to attain valued resources, whereas those with elevated power have no such dependencies (Emerson, 1962; Jordan et al., 2011b).

Given some of the characteristics of top ranks, we argue that individuals who are competing for a top rank, and thus, currently standing at a top rank, have greater perceptions of power than do those competing for other ranks. First, being in the top rank implies that that individual is the best on a relevant performance dimension, which implies that this individual has superior competence relative to all other competitors (Garcia et al., 2006). Other competitors will perceive this competence as valuable (Cheng, Tracy, & Henrich, 2010), making those in top ranks more attractive (Henrich & Gil-White, 2001), which empowers those who are in top ranks (Anderson, Spataro, & Flynn, 2008; Driskell, 1982; Homans, 1950). Furthermore, individuals in top ranks have access to the rewards and desirable resources that are implied by the meaningfulness of the top-ranking standard. Taken together, this suggests that those in top ranks should perceive that they have more power than do those situated at other places in the ranking spectrum (Anderson et al., 2008; Keltner et al., 2003).

Perceptions of power are associated with various cognitive, affective, and motivational outcomes that may enable individuals to engage in unethical behaviors. First, individuals in power tend to be more driven by their own interests and views (Galinsky et al., 2003; Galinsky, Magee, Gruenfeld, Whitson, & Liljenquist, 2008) and are less concerned with the opinions and needs of others (Emerson, 1962; Galinsky, Magee, Inesi, & Gruenfeld, 2006; Keltner et al., 2003; Lammers, Stapel, & Galinsky, 2010). Second, individuals in power are more likely to take action (Galinsky et al., 2003), and are more likely to engage in functional behaviors (Gruenfeld, Inese, Magee, & Galinsky, 2008). Finally, individuals in power tend to underestimate the negative consequences of their actions (Inesi, 2010), are more confident in their judgments (See, Morrison, Rothman, & Soll, 2011), and hence, more prone to taking risks (Anderson & Galinsky, 2006), which makes them more likely to engage in unethical conduct (Gino & Margolis, 2011).

Taken together, the evidence suggests that individuals competing for top ranks should experience elevated perceptions of power compared to individuals competing for lower ranks (i.e., intermediate and bottom ranks). Consequently, such elevated perceptions of power make top rank competitors less inhibited by societal expectations and more prone

to attend to the potential benefits associated with unethical conduct (Anderson & Galinsky, 2006; Gino & Margolis, 2011; Keltner et al., 2003), releasing them from their ethical inhibitions, and allowing them to freely consider unethical behaviors as a means of achieving those benefits. Based on this, we expect perceptions of power to serve as a mediator for the differences in unethical intentions between top ranks on the one hand, and intermediate and bottom ranks on the other.

Moral Rationalizations for Those in Bottom Ranks

As stated above, people desire to maintain their moral self-image even in the face of unethical actions. One way to do this is to be freed from socially-imposed normative constraints via perceptions of power; another way is by engaging in moral rationalizations.

Moral rationalizations refer to the process by which individuals change cognitions about (their own) unethical behaviors in order to better meet their positive expectations about the self (Bandura, 1990; Tsang, 2002). Through euphemistic labeling, moral justifications, diffusing or displacing responsibility, or making advantageous comparisons (Bandura et al., 1996; Moore et al., 2012), individuals can alter their cognitions about their unethical behaviors in favorable, self-serving ways. This alteration allows individuals to convince themselves that their behaviors are moral, even though they may not indeed be so. Given that these moral rationalizations reduce the negative labeling of these behaviors (at least to the actor), individuals will find that their behaviors are no longer in conflict with their desired sense of self (Bandura et al., 1996), freeing them to engage in the unethical behaviors (Aquino, Reed, Thau, & Freeman, 2007; Bandura et al., 1996; Beu & Buckley, 2004). As such, moral rationalizations serve as an enabler of unethical behavior for individuals who cannot rely on other enablers, such as power.

Within a ranking context, individuals may face situations in which the only (efficient) way of attaining a meaningful higher rank or avoiding a meaningful lower rank is through engaging in unethical behaviors. Although individuals competing for top ranks can use their elevated perceptions of power to release them from their ethical inhibitions, individuals competing for bottom ranks cannot rely on such elevated perceptions of power. Given that these individuals do not have elevated perceptions of power, which provides them with the needed release to act unethically, we expect them to engage in moral rationalizations as a way of releasing themselves of their ethical inhibitions, and hence, helping them to avoid dropping lower in the ranking. Specifically, we claim that moral rationalizations occur more

strongly for bottom ranks than for top or intermediate ranks, explaining bottom ranks' willingness to engage in unethical behaviors.

Study 2.3: Mechanisms of Unethicality at Both Ends of the Ranking Spectrum

We had two primary goals for Study 2.3. The first goal was to investigate the mechanisms behind why those at the top and the bottom have the greatest intentions to act unethically. As explained above, we propose that perceptions of power explain why those in top positions, and greater tendencies to morally rationalize explain why those in bottom positions, intend to act unethically. Second, in the previous three studies, we found our effects using a within-subjects design, that is, participants indicated how they would act when in all three positions of the ranking spectrum. However, in real life, this is often not how rankings operate; when considering how to act, people do not consciously compare their behavior if they were holding various different ranks. Thus, in an effort to better approximate real world processes, in Study 2.3 we used a between-subjects design in which participants were confronted with and had to respond to only one position in the ranking spectrum.

Methods

Participants and design. Three-hundred and three United States residents (M_{age} = 30.16, SD_{age} = 9.33, 36% female) were recruited through Mturk. They were paid $0.50 for their participation. We told participants that we were investigating how personality characteristics influence the decisions that people make. After participants read and signed the informed consent, we randomly assigned them to one of fifteen experimental conditions in a 5 (Scenario) x 3 (Rank: bottom vs. intermediate vs. top) between-subjects design.

Procedure. Procedures were identical to Study 2.2, with two exceptions. First, we made rank a between-subjects factor, which allowed us to assess individuals' unethical intentions for each of the three ranks in itself, rather than relative to each other as a direct comparison. Second, we measured participants' perceptions of power and moral rationalizations.

Measures

Perceptions of power. Perceptions of power were measured by asking participants how much power (1 = *no power at all*, 7 = *a lot of power*) and control (1 = *no control at all*, 7 = *a lot of control*) they believe they had in the situation (α = .80) (adapted from Jordan et al., 2011b; Lammers, Dubois, Rucker, & Galinsky, 2013).

Moral rationalizations. To assess moral rationalizations, we asked participants to indicate their agreement (1 = *fully disagree*, 7 = *fully agree*) with 8 statements that reflected moral rationalizations (see Appendix C) (α = .96). These moral rationalizations were based on the moral disengagement characteristics and measure as described and established by Moore and colleagues (2012).

Unethical intentions. As done in the previous three studies, participants were asked how likely (1 = *very unlikely*, 7 = *very likely*) they would be to engage in the specified unethical behavior for the specific rank (depending on the rank condition).

Table 2.1
Ordinary least squares regression model coefficients (Study 2.3)

	Perceptions of power	Moral rationalizations	Unethical intentions	
	Model 1a	Model 2a	Model 3a	Model 4a
Constant	4.76*** (0.13)	3.65*** (0.17)	4.27*** (0.21)	0.18 (0.30)
Rank: bottom[a] vs. intermediate	-0.09 (0.19)	-0.62* (0.25)	-1.64*** (0.30)	-1.03*** (0.18)
Rank: bottom[a] vs. top	0.52** (0.19)	-0.43† (0.25)	-0.62* (0.30)	-0.30 (0.18)
Perceptions of power				0.12* (0.06)
Moral rationalizations				0.96*** (0.04)
R^2	0.04**	0.02*	0.09***	0.69***
	Model 1b	Model 2b	Model 3b	Model 4b
Constant	4.48*** (0.13)	3.03*** (0.17)	2.63*** (0.21)	-0.85*** (0.21)
Rank: intermediate[a] vs. bottom	0.09 (0.19)	0.62* (0.25)	1.64*** (0.30)	1.03*** (0.18)
Rank: intermediate[a] vs. top	0.61** (0.19)	0.19 (0.25)	1.02*** (0.30)	0.76*** (0.18)
Perceptions of power				0.12* (0.06)
Moral rationalizations				0.96*** (0.04)
R^2	0.04***	0.02*	0.09***	0.69***

Notes. Standard errors between parentheses. Models 'a' have meaningful bottom rank as reference point for dummy variables, and Models 'b' have intermediate rank as reference point for dummy variables. N = 303. [a] = reference point for dummy variables, † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

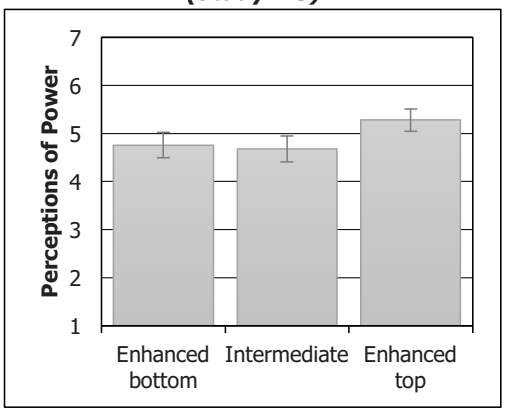
Results

To assess whether moral rationalizations and perceptions of power (simultaneously) mediated the relationship between rank and unethical intentions, we conducted a multicategorical analysis following the procedures described by Hayes and Preacher (2013). This analysis allowed us to assess whether the mean differences of unethical intentions as a result of the ranking conditions (i.e., bottom vs. intermediate, bottom vs. top, and intermediate vs. top) could be explained by the mean differences in perceptions of power and moral rationalizations. We conducted multiple mediation analyses using Hayes' (2013) SPSS PROCESS macro, in which we included two dummy variables for the three ranks (with bottom rank as the reference point) as independent variables, perceptions of power and moral rationalizations as mediator variables, and unethical intentions as the dependent variable. Given the insignificant interaction effect of scenario for all variables and the difficulty of performing moderated-mediation analyses with multicategorical variables (Hayes & Preacher, 2013), we disregarded scenario as a (moderator) variable in our mediation analyses. We considered the bootstrapped confidence intervals at (90%) 95% of the indirect effects as indicators of the (marginal) significance of the indirect effects.

Perceptions of power. An analysis of variance on perceptions of power revealed main effects of rank, $F(2, 288) = 18.33$, $p < .001$, $\eta^2_p = .11$, and scenario, $F(4, 288) = 7.37$, $p < .001$, $\eta^2_p = .09$, but no interaction between the two, $F(8, 288) = 1.16$, $p > .10$, $\eta^2_p = .03$. As expected, regression analyses (see Table 2.1, Model 1a and 1b; Figure 2.5) revealed that top ranks ($M = 5.28$, $SD = 1.19$) elicited higher perceptions of power than bottom ($M = 4.76$, $SD = 1.37$), $B = 0.52$, $p < .01$, or intermediate ranks ($M = 4.68$, $SD = 1.40$), $B = 0.61$, $p < .01$, and that intermediate and bottom ranks did not differ from each other, $B = -0.09$, $p > .10$.

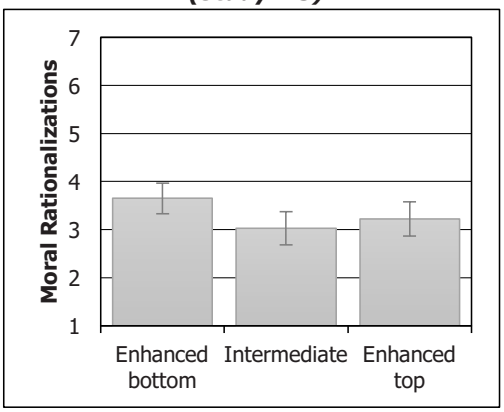
Moral rationalizations. An analysis of variance on moral rationalizations revealed main effects of rank, $F(2, 288) = 3.79$, $p < .05$, $\eta^2_p = .03$, and scenario, $F(4, 288) = 14.18$, $p < .001$, $\eta^2_p = .17$, but no interaction between the two, $F(8, 288) = 1.17$, $p > .10$, $\eta^2_p = .03$. As expected, regression analyses (see Table 2.1, Model 2a and 2b; Figure 2.6) revealed that bottom ranks ($M = 3.65$, $SD = 1.65$) elicited more moral rationalizations than intermediate ranks ($M = 3.03$, $SD = 1.77$), $B = -0.62$, $p < .01$, and marginally more than top ranks ($M = 3.22$, $SD = 1.81$), $B = -0.43$, $p < .10$, and that top and intermediate ranks did not differ from each other, $B = 0.19$, $p > .10$.

Figure 2.5
Means for perceptions of power (Study 2.3)



Note. Error bars represent standard errors.

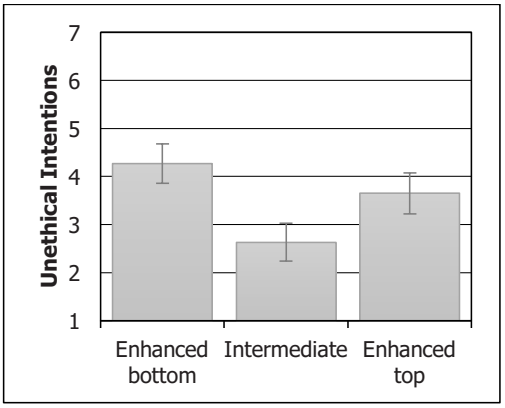
Figure 2.6
Means for moral rationalizations (Study 2.3)



Note. Error bars represent standard errors.

Unethical intentions. An analysis of variance on unethical intentions revealed main effects of rank, $F(2, 288) = 16.44$, $p < .001$, $\eta^2_p = .10$, and scenario, $F(4, 288) = 9.56$, $p < .001$, $\eta^2_p = .12$, but no interaction between the two, $F(8, 288) = 0.72$, $p > .10$, $\eta^2_p = .02$. As expected, regression analyses (see Table 2.1, Model 3a and 3b; Figure 2.7) revealed that bottom ranks ($M = 4.27$, $SD = 2.13$), $B = -1.64$, $p < .001$, and top ranks ($M = 3.65$, $SD = 2.22$), $B = 1.02$, $p < .001$, elicited more unethical intentions than intermediate ranks ($M = 2.63$, $SD = 2.05$). Furthermore, we found that bottom ranks elicited more unethical intentions than top ranks, $B = -0.62$, $p < 0.05$.

Figure 2.7
Means for unethical intentions (Study 2.3)



Note. Error bars represent standard errors.

Mediation analysis. To assess whether perceptions of power and moral rationalizations mediated the relationships between rank and unethical intentions, we conducted mediation analyses with multicategorical variables (Hayes & Preacher, 2013) using Hayes' (2013) PROCESS macro for SPSS. This macro extracts bootstrapped confidence intervals for all direct and indirect effects, which allows us to assess whether mediation is present or not.

As expected, results (see Table 2.2) indicated that the mean difference in unethical intentions between the bottom and intermediate ranking conditions was mediated by moral rationalizations (*effect* = -0.60) but not perceptions of power (*effect* = -0.01). Results also indicated that the mean difference in unethical intentions between the bottom and top ranking conditions was marginally mediated by moral rationalizations (*effect* = -0.45) and significantly mediated by perceptions of power (*effect* = 0.06). By changing the dummy variable referent to intermediate ranks, results indicated that the mean difference in unethical intentions between the intermediate and top ranks was not mediated by moral rationalizations (*effect* = 0.19), but was significantly mediated by perceptions of power (*effect* = 0.07).

Table 2.2
Bootstrapped confidence intervals for indirect effects (Study 2.3)

Variable	Indirect effect of perceptions of power				
	Effect	90% CI		95% CI	
		LL	UL	LL	UL
Rank: bottom[a] vs. intermediate	-0.01	-0.07	0.02	-0.08	0.03
Rank: bottom[a] vs. top	0.06[*]	0.02	0.14	0.01	0.16
Rank: intermediate[a] vs. top	0.07[*]	0.02	0.16	0.01	0.18
	Indirect effect of moral rationalizations				
	Effect	90% CI		95% CI	
		LL	UL	LL	UL
Rank: bottom[a] vs. intermediate	-0.60[*]	-0.97	-0.22	-1.06	-0.16
Rank: bottom[a] vs. top	-0.45[†]	-0.80	-0.03	-0.87	0.03
Rank: intermediate[a] vs. top	0.19	-0.21	0.59	-0.29	0.66
	Total indirect effect				
	Effect	90% CI		95% CI	
		LL	UL	LL	UL
Rank: bottom[a] vs. intermediate	-0.61[*]	-0.99	-0.21	-1.08	-0.15
Rank: bottom[a] vs. top	-0.35	-0.75	0.05	-0.83	0.12
Rank: intermediate[a] vs. top	0.26	-0.15	0.68	-0.23	0.76

Notes. Bootstrapped in 10,000 iterations. [a] = reference point for dummy variables, CI = Confidence Interval, LL = Lower Limit, UL = Upper Limit, [†] $p \leq .10$, [*] $p \leq .05$.

Discussion

Overall, these results replicate the results of Study 2.2 in a between-subjects design. Furthermore, results demonstrate that the differences in unethical conduct can be explained by perceptions of power and moral rationalizations. Specifically, we find that individuals in top ranks have stronger unethical intentions than individuals in intermediate ranks because they have higher perceptions of power. This effect is consistent with our argument that perceptions of power release individuals' ethical inhibitions, freeing them to engage in unethical behaviors (e.g., Emerson, 1962; Galinsky et al., 2003; Keltner et al., 2003; Lammers et al., 2010). In addition, we find that individuals in bottom ranks have greater intentions to act unethically than do individuals in top and intermediate ranks because they are more likely to morally rationalize the behaviors. This finding supports our contention that while people at the bottom do not have the release to act unethically that power affords, they harness their disadvantaged position and strong desire to avoid falling farther down the ranks by rationalizing their immoral behavior.

Study 2.4: Top and Bottom as Meaningful Ranking Standards and Unethical Behaviors

Studies 2.1a through 2.3 have consistently demonstrated that people at the top and bottom of the ranking spectrum are more likely than those in the middle to act unethically – provided that these ranks are accompanied by meaningful ranking standards. In addition, we demonstrated why these effects occur by showing that while those at the top and bottom have the greatest intentions to act unethically, they do so for different reasons; those at the top do it because they feel the sense of release afforded by their greater power and those at the bottom do it because they rationalize their engagement in the behavior in order to avoid falling lower in the ranks. What we have yet to demonstrate, however, is if the effects seen for unethical intentions extend to actual behavior. Thus, the purpose of Study 2.4 was to investigate if the effects seen in the previous two studies (i.e., individuals competing for meaningful bottom ranks or meaningful top ranks would be more likely to engage in unethical *intentions* than individuals competing for intermediate ranks) would extend to actual unethical behaviors.

Methods

Participants and design. One-hundred and thirty-nine Dutch business undergraduates (M_{age} = 21.78, SD_{age} = 2.56, 52% female) participated in this study. They were provided

with €8 or partial course credit and were told that this was a study on competition. After participants read and signed the informed consent, we randomly assigned them to one of three experimental conditions (Rank: bottom vs. intermediate vs. top) in a one-way between-subjects design.

Procedure. We told participants that that we were conducting a study in which they would compete against 29 other students on the basis of their numeric, linguistic, spatial, and cognitive abilities. We informed them that, as part of the competition, they would be provided with a €4 bonus that they could either lose if they ended up in last place or double if they ended up in first place. The suggested bonus payoffs were therefore €0 (i.e., ending up in last place), €4 (i.e., ending up in any other place than last or first place), or €8 (i.e., ending up in first place).[3] In this competition, participants first completed a math task in which numeric expressions had to be solved and an anagram task in which anagrams had to be unscrambled. They were then provided with a preliminary ranking of their performance, which was #27 (bottom condition), #16 (intermediate condition) or #4 (top condition). After this feedback round, participants completed a maze task in which they had to guide a mouse out of a maze, followed by another preliminary ranking of their performance, in which they were either tied for places #29 and #30 (bottom condition), #15 and #16 (intermediate condition) or #1 and #2 (top condition). Participants then read that this tie would be resolved in a final bidding task in which they would directly be competing against the student they were tied with: their rival competitor. In this task, participants had the opportunity to lie to their rival competitor about crucial information. Whether participants would lie or not served as our dependent measure. Finally, as a manipulation check we asked participants which rank they were and several other information checks to ensure that they understood the procedures and rules of the bidding task.

Bidding task and unethical behaviors. Based on the public-goods game created by Pierce and colleagues (2013; Experiment 3), we created a 10-round bidding task in which participants would bid against their rival competitor on 10 different playing cards. Each of these playing cards had a different value (i.e., number of points), making some more desirable and valuable than others. The purpose of the task was to gather as many points

[3] In reality, all participants, regardless of outcome received a bonus of €4. This was done in response to a request from our Institutional Review Board who felt it was unethical to vary compensation.

as possible; the competitor with the most points would win the task. At the start of each of the 10 rounds, participants would receive a random allocation of between 100 and 150 'bidding units' that they could use to bid on the different playing cards. Participants read that any bidding unit not spent would be carried over to the next round. After this allocation, participants had to exchange information with their rival competitor on how many bidding units they were allocated. We emphasized that knowing how many bidding units all players had was crucial to potential bidding strategies that could be used; if you know how many bidding units your rival has, you know exactly how many bidding units you have to use to be guaranteed of obtaining a (valuable) card, thereby efficiently handling your own bidding units. Participants could indicate any number between 100 and 150, meaning that they could lie about the number they were actually allocated, and thereby illegitimately influence their bidding strategies. After the information exchange, participants would bid on one of the ten playing cards.

In reality, participants only played the first half of the first round. For this round, all participants were 'randomly' allocated 128 bidding units. After participants had exchanged information, the task and competition would end. In line with Pierce et al. (2013), we operationalized unethical behavior as either having not lied (indicated allocation = 128; unethical behavior = 0) or as having lied (indicated allocation ≠ 128; unethical behavior = 1).

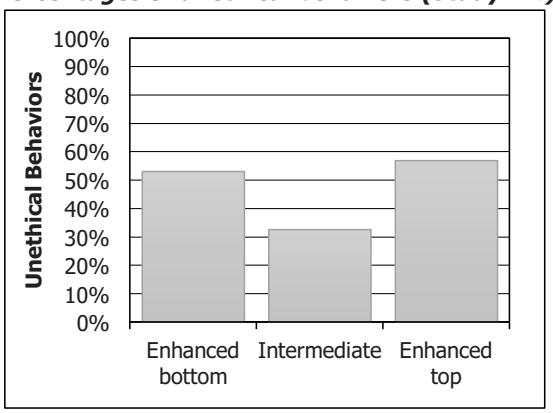
Results

Manipulation and information checks. We used several recoded manipulation and information checks (correct answer = 0, incorrect answer = 1) to assess whether respondents paid attention to the manipulations and study, and compared these answers across the three different rank conditions. One-hundred and thirty-five (97%) participants correctly indicated which rank they were in, with no differences between rank conditions, $\chi^2(2) = 3.23$, $p > .10$. One-hundred and thirty-five (97%) participants correctly indicated what the final payoff would be for ending up in first place, with no differences between rank conditions, $\chi^2(2) = 1.19$, $p > .10$. One-hundred and thirty-three (96%) participants correctly indicated what the final payoff would be for ending up in last place, with no differences between rank conditions, $\chi^2(2) = 3.74$, $p > .10$. One-hundred and thirty-three (96%) participants correctly indicated the range of bidding units that would be allocated to them in the bidding task, with no differences between rank conditions, $\chi^2(2) = 0.99$, $p > .10$. And finally, one-hundred and two (73%) participants correctly indicated how many

rounds they should have played in the bidding task, with no differences between rank conditions, $\chi^2(2) = 4.34$, $p > .10$. These results indicate that most of the participants paid attention to crucial details of our study, and that this did not depend on the condition they were assigned to.

Unethical behaviors. Sixty-six (48%) participants lied about the random allocation that they had received. A logistic regression analysis revealed a significant difference in unethical behaviors between the bottom (53%) and intermediate (33%) conditions, *Wald* = 3.98, $p < .05$, and the top (57%) and intermediate conditions, *Wald* = 5.22, $p < .05$, but not between the bottom and top conditions, *Wald* = 0.13, $p > .10$ (see Figure 2.8).

Figure 2.8
Percentages of unethical behaviors (Study 2.4)



Discussion

The results of Study 2.4 indicate that while the bottom and top conditions elicited more unethical behaviors than the intermediate conditions, the bottom condition did not elicit more unethical behaviors than the top condition. Primarily, these results support our earlier findings that the proximity to meaningful ranking standards influences the unethical intentions of individuals, and extends these findings by demonstrating that these meaningful standards also influence actual unethical behaviors. These results do not replicate the findings of Studies 2.2 and 2.3, in which bottom ranks elicited more unethical intentions than top ranks (cf. prospect theory; Kahneman & Tversky, 1979). One potential explanation for this could lie in the framing of the meaningful ranking standards (Higgins, 1997). With the current framing, all participants could receive a €4 bonus (i.e., a gain) that could either be doubled when ending up in first place (i.e., a larger gain), or be removed

when ending up in last place (i.e., a non-gain). Previous research has demonstrated that non-gains are typically less motivating than gains (Higgins, 1997), thereby causing non-gains to motivate fewer unethical behaviors compared to gains (Vriend, Jordan, & Janssen, 2013). More importantly, however, is that this non-gain frame is not equivalent to the loss frame that prospect theory describes (Kahneman & Tversky, 1979). Another potential explanation, which we will cover in more detail in the general discussion of this chapter, could lie in the fact that unethical intentions are not perfect predictors of unethical behaviors (Tenbrunsel & Smith-Crow, 2008; Treviño et al., 2014), and that perceptions of power serve as a releaser for unethical intentions *and* behaviors, whereas moral rationalizations within this context serve as a releaser for *only* unethical intentions.

General Discussion

Previous research on ranking theory has shown how the proximity to meaningful ranking standards motivates individuals to either compete or cooperate with their commensurate rivals (Garcia et al., 2006, 2013). In the current investigation, we aimed to extend this research by examining when, why, and how proximity to meaningful ranking standards leads people to consider unethical behavior as a means to attain or avoid these ranks. Across multiple studies, we demonstrated that altering the valence and strength of meaningful ranking standards influences the degree to which individuals consider and engage in unethical behaviors. First, we found that when considering 'plain' ranks, that is, ranks unaccompanied by additional consequences, individuals were most willing to engage in unethical conduct when competing for top ranks, rather than intermediate or bottom ranks (Study 2.1a); this was found to be true even when considering ranks that were proximal to the top (e.g., second and third place) and bottom (e.g., third-to-last and second-to-last place) (Study 2.1b). Studies 2.1a and 2.1b demonstrated that unethical intentions increased with the unidirectional drive upwards and the *proximity* to meaningful ranking standards. Second, we found that by explicitly adding meaningful consequences to top and bottom ranks, individuals were more willing to engage in unethical conduct when competing for bottom ranks, followed by top ranks, and lastly intermediate ranks (Studies 2.2 and 2.3). Studies 2.2 and 2.3 demonstrated that unethical intentions increase with the *strength* and *valence* of meaningful ranking standards. Third, we found that individuals competing for top ranks were 'released' to consider unethical behaviors because of elevated perceptions of power, whereas individuals competing for bottom ranks were 'released' to consider unethical behaviors because of an increase in moral rationalizations

(Study 2.3). Study 2.3 demonstrated that individuals consider engaging in unethical behaviors when they are released from their ethical inhibitions, and that what mechanism individuals use to provide this release depends on the rank that they are competing for. Finally, we found that individuals were more likely to engage in actual unethical behaviors when they were competing for top and bottom, rather than intermediate ranks (Study 2.4); thus, Study 2.4 demonstrated that the effects of meaningful ranking standards are not limited to unethical intentions, but also extend to unethical behaviors.

Theoretical Implications

Our theoretical and empirical findings have implications for various streams of literature. First of all, our findings corroborate the main ranking theory assumption (Garcia et al., 2006) that competition increases with the proximity to meaningful ranking standards. As an extension to this work, we demonstrate that proximity to meaningful ranking standards does not only evoke competition and cooperation (e.g., Chen et al., 2012; Garcia et al., 2006, 2010, 2013; Poortvliet et al., 2009), but also evokes unethical intentions and behaviors. Therefore, these results suggest that unethical intentions and behaviors are sometimes considered to be a more effective and efficient alternative to other behaviors that are within the 'rules of the game.' In this influence, our findings also contribute to the more general literature on ethical decision-making (e.g., Tenbrunsel & Smith-Crow, 2008; Treviño et al., 2014) by demonstrating that individuals use unethical behaviors to realize outcomes that they otherwise would not have attained, or to at least attain these outcomes in a more resource-efficient manner (cf. Gino et al., 2011; Mead et al., 2009; Ordóñez et al., 2009; Schweitzer et al., 2004).

Besides the notion that unethical conduct increases with the proximity to meaningful ranking standards, in light of ranking theory, these results corroborate the notion that top ranks are meaningful standards because they represent a ubiquitous standard that all individuals want to attain. Additionally, our results show that any rank can be turned into a meaningful ranking standard – provided that they imply additional (positive or negative) consequences. This implies that while some natural meaningful standards such as top ranks will always elicit more unethical conduct – regardless of whether additional positive consequences are absent (cf. Studies 2.1a and 2.1b) or present (cf. Studies 2.2 through 2.4) – other ranking standards, such as bottom ranks, only elicit unethical conduct when such additional negative consequences are present. Given this influence of additional consequences, on a more general level these results correspond with earlier research on

framing of rewards or punishments (e.g., Becker, 1968; Gino & Margolis, 2011; Hegarty & Sims, 1978; Lewicki, 1983) by showing that the positive and negative consequences of a prospective outcome is a determinant of an individual's decision to act unethically.

Related to these implications is our unexpected finding that additional negative consequences can (cf. Studies 2.2 and 2.3) but do not necessarily have to (cf. Study 2.4) evoke more unethical conduct than additional positive consequences. More specifically, we found that additional negative consequences sparked more unethical intentions, but not more unethical behaviors. These findings can perhaps be explained by prospect theory (Kahneman & Tversky, 1979), which asserts that individuals are more willing to engage in unethical behaviors to avert losses than to they are to achieve gains (Kern & Chugh, 2009). Our research replicates and extends these findings in the domain of rankings, by demonstrating that the desire to avoid bottom ranks elicits more unethicality than the desire to attain top ranks (cf. Studies 2.2 and 2.3) – but not when actual unethical behaviors are involved (cf. Study 2.4). One explanation of this result could be that we framed the bottom condition of Study 2.4 as a non-gain (i.e., not receiving a bonus) rather than a loss frame (e.g., losing one's bonus), thereby not activating prospect theory's purported loss aversion motivation (Kahneman & Tversky, 1979; Kern & Chugh, 2009). Another more fundamental explanation involves the fact that individuals with unethical intentions do not always engage in unethical behaviors (Tenbrunsel & Smith-Crow, 2008; Treviño et al., 2014). We believe that this result could potentially lie with the two 'releasers' of ethical inhibitions that we have used in this investigation: perceptions of power and moral rationalizations.

In terms of perceptions of power, the current findings support earlier research that demonstrates that power can elicit unethical conduct (e.g., Yap, Wazlawek, Lucas, Cuddy, & Carney, 2013). This is mainly due to power's ability to activate the possessor and release his or her inhibitions (Galinsky et al., 2003; Keltner et al., 2003). Within the context of the current research, this means that those with perceptions of power would not only have the intention to act unethically (e.g., Studies 2.2 and 2.3), but also be in the state of behavioral activation necessary to actually do it (e.g., Yep et al., 2013). These dual forces may be absent for moral rationalizations. That is, although these moral rationalizations can release individuals from their ethical inhibitions (e.g., Aquino et al., 2007; Bandura et al., 1996; Beu & Buckley, 2004), breeding an intention to act unethically, this may not be enough to motivate actual unethical behaviors.

Our findings also contribute to earlier research on rank order length (e.g., Garcia & Tor, 2009; Tor & Garcia, 2010) – that is, the number of competitors that are in play. This research has found that competition amongst individuals decreases as the total number of competitors in the ranking increases. In Studies 2.1a through 2.3, we used various scenarios that differed not only in content, but also in the number of competitors. With the exception of an anomalous effect in Study 2.2, Sample A, we found no interaction effects between our manipulations of rank and scenario. This might be an indication that, although rank order length may influence the degree of competition *in general*, it does not alter the meaningfulness of the ranking standard. More specifically, the inclusion of more competitors may make ranking standards, such as top and bottom ranks, more meaningful, but it does not appear to lead to a bigger increase in one ranking standard over the other.

Practical Implications

As noted earlier, rankings are prevalent in a wide variety of (organizational) settings (Garcia et al., 2006). Earlier research has demonstrated that rankings can extract both the best and worst out of competitors, through competition and cooperation. In the current research, we have demonstrated that rankings can also extract the worst out of competitors via unethical behaviors. In accordance with the definition of rankings, rankings can only operate when they are based on the legitimate performance of all their competing individuals on some important dimension. If these individuals are able to illegitimately enhance their performance, through a wide variety of unethical behaviors, this threatens the legitimacy of the rankings. Recent scandals in sports and business have aptly demonstrated the detrimental effects of unethical individuals on rankings. If rankings are to be maintained as a useful tool for eliciting competition and cooperation, unethical conduct must be kept to a minimum.

One of the main issues of unethical conduct is that it shares many of its determinants with desirable competitive motivations and behaviors. As such, any attempt at reducing unethical conduct through these shared antecedents is also likely to reduce desirable competitive motivations and behaviors (Ordóñez et al., 2009). Hence, unethical behavior should be reduced in a way that does not alter the desirable competitive motivations and behaviors that rankings tend to instill. The question is how to do so.

Given our theoretical perspective, it is most likely that unethical behavior will occur when its potential benefits outweigh its potential costs (Becker, 1968; Lewicki, 1983). Potential benefits are achieved when individuals are able to attain rankings that are very

(positively) meaningful and desirable for them, or when they are able to avoid rankings that are very (negatively) meaningful and undesirable for them. The costs, on the other hand, are limited to the potential resources that are spent on the unethical act and the likelihood and downsides of being punished. Given that a reduction in potential benefits of the unethical behaviors will also reduce positive in-role behaviors, such as general performance, competition, and cooperation, it may be more prudent to increase the potential costs of unethical behaviors. The prospect of being punished via sanctions may outweigh the benefits associated with unethical behavior, thus inhibiting individuals from engaging in them (for a review on sanctions, see: Balliet, Mulder, & Van Lange, 2011). Such a system, of course, implies that the costs are independent of the rank, meaning that the cost-to-benefit ratio is still favorable for ranks that are more valuable and desirable. One way of tackling this issue is to peg the costs involved with punishments to the value and desirability of ranks. By making it costlier to engage in unethical behavior to attain more valuable ranks, individuals will be inhibited from engaging in such conduct.

Another means of tackling unethical behavior is through our proposed mediating mechanisms: higher perceptions of power for those at the top and greater likelihoods of morally rationalizing for those at the bottom. First, our results suggest that elevated perceptions of power cause individuals in top ranks to become more willing to engage in unethical behavior than those in intermediate ranks. Although it would imaginably be difficult to alter these perceptions, previous research has found boundary conditions under which the effects of power on unethical behavior can be reduced (e.g., Chen, Lee-Chai, & Bargh, 2001; Keltner et al., 2003). One such boundary condition is accountability; individuals with elevated perceptions of power are more sensitive to social consequences when they believe that they will be held accountable for their actions (Lerner & Tetlock, 1999), thereby making them less likely to engage in unethical conduct. Another potential boundary condition is the relative stability of the top rank; research has shown that those with elevated perceptions of power perceive fewer degrees of freedom when their power base is unstable (Jordan et al., 2011b). Within the present ranking context, this would imply that decreasing the stability by which individuals can maintain top ranks possibly can also reduce motivations to behave unethically. Second, through our moral rationalizations mechanism, individuals could be made aware of the strict unethical qualification of the behavior, thereby creating a moral awareness that could inhibit individuals from morally rationalizing this behavior (Bandura et al., 1996; Reynolds, 2006).

Limitations and Future Research Directions

Despite its strengths, our investigation has several theoretical and empirical limitations. The first limitation lies with our focus on additional positive and negative consequences for top and bottom ranks. Of course, as Garcia and colleagues (2006) have noted, such consequences do not have to be limited to the ranking extremities. Another option would be to attach these additional positive or negative consequences to the intermediate ranks, such that the cut-off point for positive or negative consequences lies in the middle. This could be the case when, for example, individuals either get rewarded for scoring above average (i.e., above the intermediate rank) or punished for scoring below average (i.e., below the intermediate rank). As noted earlier, however, from a practical perspective we consider attaching positive consequences to top ranks and negative consequences to bottom ranks to be more common. Future research could, however, investigate what would happen if these consequences were also attached to intermediate ranks. From a prospect theory perspective (Kahneman & Tversky, 1979), we would expect that attaching negative, rather than positive, consequences to intermediate ranks would elicit greater unethical behaviors.

A related limitation is the fact that we only examined (and argued) for the mediating effects of power and moral rationalizations when additional consequences were attached to top and bottom ranks. Without such additional consequences, the mediating effects of these variables could be altered – particularly so for moral rationalizations. First, in terms of perceptions of power, we have argued that top ranks elicit greater perceptions of power because they enable access to various types of resources that other ranks do not afford (e.g., Anderson et al., 2008; Cheng et al., 2010; Driskell, 1982; Henrich & Gil-White, 2001; Homans, 1950). However, it is likely that regardless of explicit consequences, being in a top rank would still provide implicit benefits. Thus, it is possible that the additional resources provided through power would be sufficiently empowering, regardless of the absence or presence of additional positive consequences. In contrast, for moral rationalizations, it is plausible that when individuals are competing for bottom ranks without additional negative consequences, they perceive no looming punishments that are to be avoided, reducing their need to morally rationalize, and hence, their subsequent unethicality. Future research should explore the roles of these purported mechanisms in the absence of explicit meaningful consequences.

Another related limitation is that we have not explored the (moderating) effects of individual differences on the effects of rank on unethical intentions and behaviors. Previous

research has shown that individual achievement goals influence the interpretation of the meaningfulness of specific ranking standards (Poortvliet, 2012; Poortvliet et al., 2009), and the degree to which individuals compete (Garcia et al., 2013). Individuals who are mainly focused on outperforming others (i.e., a performance achievement goal), for instance, find bottom ranks to be more meaningful than individuals who are mainly focused on improving themselves (i.e., a mastery achievement goal) (Poortvliet et al., 2009), which should make the former more likely to entertain the possibility of acting unethically (cf. Poortvliet, 2012). Other research, furthermore, suggests that individuals can vary in their sensitivity to rewards and punishments (Higgins, 1997). Individuals with a promotion focus, for instance, may be more prone to taking risks if this allows them to guarantee the additional positive consequences of top ranks (cf. Gino & Margolis, 2011), whereas those with a prevention focus may be less likely to do so. Additionally, personality characteristics can also influence the effect of meaningful ranking standards on unethical conduct through our two proposed explanatory mechanisms of perceptions of power and moral rationalizations. For example, some individuals are more prone than others to experience the effects power (Mehta, Jones, & Josephs, 2008). Furthermore, research has shown that individuals vary on their tendencies to morally rationalize (Moore et al., 2012), meaning that some individuals may be more likely than others to act unethically when they are competing for bottom ranks.

A final limitation lies in the fact that we did not provide any information with regards to rival and rivalry characteristics. Previous research on social comparisons has shown that characteristics such as rival similarity and relationship closeness influence the degree of competition between rivals (Garcia et al., 2013). Related to this limitation lies in the fact that we focused on unethical conduct when individuals were *tied* for a rank with this unspecified commensurate rival. Previous research has shown that the positioning of the rivals – being positioned above a rival (i.e., an upward comparison) or below a rival (i.e., a downward comparison) – can influence rivalry perceptions and competitions (Dunn, Ruedy, & Schweitzer, 2012; Festinger, 1954; Maner & Gerend, 2007). Relatedly, previous research has demonstrated that anticipated and actual gains and losses, in general, may motivate unethical behaviors (e.g., Gino & Margolis, 2011), and that anticipated and actual status gains and losses, in specific, are important determinants of performance-related outcomes (e.g., Faddegon, Ellemers, & Scheepers, 2009; Marr & Thau, 2014). This suggests that the interplay of anticipated or actual gains or losses of rankings may not only motivate competition, but may also motivate unethical behaviors. In line with the above-cited research, we would expect that individuals would be more likely to act unethically when

they anticipate a ranking gain or loss, rather than a non-gain or non-loss, and that these effects may be enhanced when the involved ranks are proximal to meaningful ranking standards. Additionally, we would expect that following a non-gain or loss in rank, individual's urge to compete would drop, potentially implying that the need to engage in unethical conduct would concomitantly drop.

Conclusion

In conclusion, although various ranking characteristics may invoke a motivational drive that is necessary for competition to occur and performance to flourish, these characteristics may also sway individuals to consider unethical alternatives. When individuals engage in such unethical alternatives, they circumvent the basic principle on which rankings are based: a 'fair' rank order of individuals on some relevant performance dimension. In such cases of unethical conduct, rankings may lose their inherent value. Given the prevalence of rankings within modern (organizational) life, as aimed for in the present investigation, it is important to better understand when, why, and how rankings stimulate unethical behaviors.

CHAPTER 3: GOAL SETTING[4]

Abstract

In this chapter, we explore how the successful or failed attainment of promotion or prevention goals on a task motivates individuals to engage in unethical behaviors on a subsequent task. Using regulatory focus theory (Higgins, 1997), we argue and predict that individuals are more likely to engage in unethical behaviors after they have succeeded rather than failed to attain a promotion goal, and that they are more likely to engage in unethical behaviors after they have failed rather than succeeded to attain a prevention goal. We assess these predictions across three studies throughout which we vary operationalizations of regulatory focus and unethical behaviors. Although we find mixed support for our predictions amongst the individual studies, a meta-analysis across the three studies supports our predictions. Implications of these results are discussed for goal setting theory (Locke & Latham, 1990, 2002, 2004, 2006) and regulatory focus theory (Higgins, 1997).

[4] This chapter is based on 'Vriend, T., Jordan, J., & Janssen, O. (2013). Fit to be unethical: How successful/failed regulatory goal attainment motivates unethical behavior. *Academy of Management Proceedings, 2013.*'

Chapter 3: Goal Setting

"[…] I felt no elation at this success. I was determined to win back the losses. And as the spring wore on, I traded harder and harder, risking more and more."

– Leeson & Whitley, 1996: 63.

Goal setting is amongst the most important management tools that managers have at their disposal (Ambrose & Kulik, 1999). The prime purpose of goal setting is to increase the motivation of individuals by directing their attention and effort towards meeting certain performance standards (i.e., goals) (Locke & Latham, 2004, 2006). This goal-elicited increase in motivation allows individuals to attain superior performance and outcomes that they would have otherwise been unable to attain (Locke & Latham, 1990). It is no surprise, then, that goal setting has become one of the most widely used management tools for managers to increase the task performance of their subordinates (Locke & Latham, 1990, 2002). So widely used, in fact, that individuals constantly move from one goal to another, such that individuals are in a constant state of goal pursuit, and are constantly faced with the successes of goals that they are able to meet and the failures of goals that they are unable to meet (Singh, 1992).

Despite their impressive motivational effects, however, there are several indications that goals elicit undesirable effects that limit their usefulness. First, while goal setting is mainly used as a motivational tool, goals also have the potential of demotivating individuals (Shapira, 1989; Wood, Mento, & Locke, 1987). Goals may have various characteristics that determine the type and extent of motivation (Locke & Latham, 2006), such as the outcomes that are implied by their successful or failed attainment. Promotion goals that are focused on pursuing positive outcomes (e.g., gains, advancement, or ideals) elicit an eagerness motivation, for instance, whereas prevention goals that are focused on avoiding negative outcomes (e.g., losses, insecurity, or an inability to meet obligations) elicit a vigilance motivation (cf. regulatory focus theory, Higgins, 1997). These motivations may be differentially enhanced, depending on whether individuals are successful or unsuccessful in attaining these promotion or prevention goals (Förster, Grant, Idson, & Higgins, 2001; Higgins, Roney, Crowe, & Hymes, 1994; Higgins, Shah, & Friedman, 1997; Idson, Liberman, & Higgins, 2000, 2004; Van Dijk & Kluger, 2004, 2011). More specifically, motivation is enhanced when individuals successfully attain promotion goals or fail to attain prevention goals, and is reduced when individuals successfully attain prevention goals or

fail to attain promotion goals. Furthermore, these motivational effects may persist after successful or failed goal attainment (Hollenbeck & Klein, 1987) and may even carry over as motivation on subsequent tasks (Cummins, Nadorff, & Kelly, 2009; Reeve, Olson, & Cole, 1985; Wadhwa & Kim, 2015). Hence, the failed attainment of promotion goals and successful attainment of prevention goals may demotivate individuals to pursue further outcomes.

Second, even if promotion and prevention goals are able to elicit their intended motivational effects, this does not necessarily have to manifest itself in an increase in desirable behaviors such as effort and performance. Research has shown, for instance, that goal-elicited motivation may also manifest itself in functional unethical behaviors (e.g., Barsky, 2008; Larrick, Heath, & Wu, 2009; Ordóñez et al., 2009) – that is, goals may motivate unethical behaviors that are "either illegal or morally unacceptable to the larger community" (Jones, 1991: 367) and that are functional in that they allow individuals to attain their goals in a more effective or efficient manner (Lewicki, 1983; Schweitzer et al., 2004). Furthermore, research has shown that promotion and prevention goals have the potential of motivating such unethical behaviors (Gino & Margolis, 2011), which again suggests that goal-elicited motivation may be one of the key drivers of unethical behaviors. Given that the successful or failed attainment of promotion and prevention goals elicits different types and degrees of motivation, that these motivational effects may carry over to subsequent tasks and goals, and that individuals may use unethical behaviors in the pursuit of goals, it seems likely that the successful or failed attainment of promotion and prevention goals may differentially motivate unethical behaviors in subsequent tasks and goals. Given the prevalence of goal setting in organizations (Ambrose & Kulik, 1999; Locke & Latham, 1990), it is imperative to investigate whether the successful or failed attainment of promotion and prevention goals indeed elicits these insidious motivational effects.

Drawing from regulatory focus theory (Higgins, 1997), which differentiates promotion and prevention motivational orientations in goal pursuits, we propose that promotion goals on a task motivate more unethical behaviors on a subsequent task following successful rather than failed attainment of these promotion goals, and that prevention goals on a task motivate more unethical behaviors on a subsequent task following failed rather than successful attainment of these prevention goals. In three experimental studies, in which we operationalized regulatory focus and unethical behaviors through different means, we find mixed support for motivational effects of promotion and

prevention task goals on insidious unethical behaviors. A meta-analysis (N = 242) across Studies 3.1 through 3.3, however, provides confirming evidence for our expectations.

By means of the present investigation, we aim to contribute to the literature in two ways. First, we contribute to the general literature on goals and goal setting (Locke & Latham, 1990, 2002, 2004, 2006) by demonstrating that task goals may motivate unethical behaviors (Schweitzer et al., 2004), and that these motivational effects may carry over to subsequent tasks (Cummins et al., 2009; Reeve et al., 1985; Wadhwa & Kim, 2015). Second, we contribute to the literature on regulatory focus (Higgins, 1997) by corroborating the notion that promotion goals may elicit more unethical behaviors than prevention goals (Gino & Margolis, 2011), but that this is conditional upon whether individuals were previously successful or unsuccessful in attaining these goals.

Regulatory Focus, and Successful and Failed Goal Attainment

Regulatory focus theory states that individuals have two basic self-regulation systems that determine cognitions, affect, motivations, and behaviors during goal pursuit: a promotion and a prevention focus (Higgins, 1997). A promotion focus is activated by maximal goals that reflect advancement, growth and accomplishment (Crowe & Higgins, 1997), hopes and aspirations (Freitas & Higgins, 2002), or gains (Higgins, 1997). These maximal goals are singular in that they reflect the presence or absence of positive outcomes. A promotion focus strives to ensure the presence of the positive outcomes that are reflected in their maximal goals. In order to attain these maximal goals, a promotion focus brings about a motivational state of eagerness to 'ensure hits' and 'guard against errors of omission' (Shah, Higgins, & Friedman, 1998). In contrast, a prevention focus is activated by minimal goals that reflect security, safety and responsibility (Crowe & Higgins, 1997), duties and obligations (Freitas & Higgins, 2002), and non-losses (Higgins, 1997). These minimal goals are singular in that they reflect the presence or absence of negative outcomes. A prevention focus strives to ensure the absence of the negative outcomes that are reflected in their minimal goals. In order to attain these minimal goals, a prevention focus brings about a motivational state of vigilance to 'ensure non-misses' and 'guard against errors of commission' (Shah et al., 1998).

Due to these different motivational strategies of eagerness and vigilance, promotion and prevention goals elicit different responses to successful and failed goal attainment (Förster et al., 1998, 2001; Higgins et al., 1994, 1997; Idson et al., 2000, 2004; Van Dijk & Kluger, 2004, 2011). A successful attainment of promotion goals on a task elicits activating

cheerful-type emotions (Baas, De Dreu, & Nijstad, 2011; Higgins et al., 1997; Idson et al., 2000). These cheerful-type emotions reinforce the eagerness motivation associated with promotion goals, such that individuals become more eager to approach positive outcomes associated with a subsequent task (Förster et al., 1998, 2001). A failed attainment of promotion goals on a task, however, elicits deactivating dejection-type emotions. These dejection-type emotions weaken the eagerness motivation associated with promotion goals, such that individuals become less willing to approach positive outcomes associated with a subsequent task. In contrast to promotion goals, a successful attainment of prevention goals on a task elicits deactivating quiescence-type emotions. These quiescence-type emotions weaken the vigilance motivation associated with prevention goals, such that individuals become less vigilant to avoid negative outcomes associated with a subsequent task. A failed attainment of prevention goals, however, elicits activating agitation-type emotions. These agitation-type emotions reinforce the vigilance motivation associated with prevention goals, such that individuals become more vigilant to avoid negative outcomes associated with a subsequent task.

Taken together, promotion goals on a task lead to a higher eagerness motivation on a subsequent task when these promotion goals were successfully attained, whereas prevention goals on a task lead to a higher vigilance motivation on a subsequent task when these prevention goals were not attained (Idson et al., 2000, 2004). These enhanced eagerness and vigilance motivations lead individuals to ascribe a higher value to the outcomes associated with the subsequent task (Camacho, Higgins, & Luger, 2003). Given this higher value, this enhanced eagerness and vigilance motivates individuals to take more risks (Scholer, Stroessner, & Higgins, 2008; Scholer, Zou, Fujita, Stroessner, & Higgins, 2010) and to increase their effort and performance (Förster et al., 1998, 2001), all for the sake of attaining this highly-valued outcome. The question, then, is whether this enhanced risk-taking solely manifests itself in an enhanced effort and performance, or whether it can also manifest itself in unethical behaviors (cf. Gino & Margolis, 2011).

Functional Unethical Behaviors on a Subsequent Task

In general, individuals are inhibited from engaging in functional unethical behaviors, defined earlier as behaviors that are "either illegal or morally unacceptable to the larger community" (Jones, 1991: 367) and that are functional in that they allow individuals to attain their goals in a more effective or efficient manner (Lewicki, 1983; Schweitzer et al., 2004). The prime reasons for being inhibited from engaging in unethical behaviors is that

their potential punishments tend to outweigh their potential benefits (cf. rational crime theory; Becker, 1968; Gino & Margolis, 2011), and because unethical behaviors tend to harm the moral self-image of individuals by violating personal norms (Jordan & Monin, 2008; Jordan et al., 2011a). These ethical inhibitions can be released, however, when individuals have sufficient motive to do so (Bandura, 1990; Bandura et al., 1996).

Specifically, first, from a general motivational account, individuals generally engage in unethical behaviors to ensure short-term desirable outcomes (Brief et al., 2001; Gino et al., 2011). If the values of these desirable outcomes exceed the costs associated with the potential likelihood and severity of punishment, individuals can convince themselves that they should engage in unethical behaviors (Becker, 1968; Pittarello et al., 2015; Rickman & Witt, 2007; Wang et al., 2014). Given that individuals with an enhanced eagerness and vigilance motivation perceive outcomes on subsequent tasks to be more valuable than individuals with a reduced eagerness and vigilance motivation (cf. Camacho et al., 2003), it seems likely they would also perceive unethical behaviors to be more functional and beneficial, potentially making them more likely to take risks (cf. Scholer et al., 2008, 2010) and likely to actually engage in these behaviors. Second, from a regulatory fit perspective (Higgins, 2000), individuals who experience enhanced eagerness and vigilance are less morally aware of their behaviors, which is reflected in less guilt towards themselves (Santelli, Struthers, & Eaton, 2009) and less prejudice towards others (Phills, Santelli, Kawakami, Struthers, & Higgins, 2011). This reduced moral awareness can short-circuit basic ethical decision-making (Jones, 1991), making individuals more likely to engage in unethical behaviors simply because they do not perceive them to be unethical (Jordan, 2009; Reynolds, 2006).

The Present Research

Following from the above reasoning, we expect that individuals are more likely to engage in unethical behaviors when they were previously successful in attaining a promotion goal, rather than when they failed to attain it. Additionally, we expect that individuals are more likely to engage in unethical behaviors when they previously failed to attain a prevention goal, rather than when they were successful in attaining it. To assess these predictions, we conducted three laboratory experiments in which participants pursued task goals that were set in a series of two consecutive tasks, and in which we varied the operationalizations of regulatory focus and functional unethical behaviors. First, we operationalized regulatory focus in two different manners. In Studies 3.1 and 3.2, we manipulated regulatory focus

through setting gain (i.e., promotion focus) and loss (i.e., prevention focus) goals for the first task. In Study 3.3, however, we manipulated regulatory focus through nurturance (i.e., promotion focus) and security (i.e. prevention focus) goals. Doing so allowed us to assess if our hypotheses would hold given different types of promotion and prevention goals.

Second, we used three different operationalizations of functional unethical behaviors. In Study 3.1, we operationalized functional unethical behavior by giving participants the opportunity to cheat as an act of omission (i.e., cheating by *not* doing something), whereas in Studies 3.2 and 3.3, we operationalized functional unethical behavior by giving participants the opportunity to overstate their performance and steal as acts of commission (i.e., by doing something), respectively. Doing so allowed us to assess whether the successful or failed attainment of promotion or prevention-oriented goals would lead to varied types of functional unethical behaviors. Furthermore, we included different performance-based 'rewards structures' in the tasks in which participants could exhibit functional unethical behaviors. All tasks were framed in such a way that task performance was related to a score: a higher performance would lead to a higher score, and a lower performance would lead to a lower score. Throughout the three studies, we varied the consequences of this score-based performance. In Study 3.1, participant's performance would yield no specific outcomes; cheating would only mean that participants would save time and effort (i.e., valuable intangible resources). In Study 3.2, participant's performance would yield a specific gain-framed outcome; cheating would mean that participants would gain more money (i.e., a valuable tangible resource). In Study 3.3, participant's performance would yield a specific non-loss-framed outcome; cheating would mean that participants would lose less money (i.e., a valuable tangible resource). Making these distinctions allowed us to assess whether successful or failed attainment of promotion or prevention goals on a task would induce a tendency to use unethical behavior to artificially enhance their performance on a subsequent task, regardless of specific outcomes that performance would yield.

Study 3.1

We conducted Study 3.1 to empirically examine whether successful or failed attainment of promotion or prevention goals on a task would motivate functional unethical behaviors on a subsequent task. More specifically, our aim was to assess whether the successful attainment of promotion goals would lead to more unethical behaviors than the failed

attainment of promotion goals, and whether the failed attainment of prevention goals would lead to more unethical behaviors than the successful attainment of prevention goals.

Methods

Participants. Eighty-six Dutch business undergraduates (M_{age} = 20.22, SD_{age} = 2.04, 27% female) participated in this study.[5] Participants were told that we were investigating how personality characteristics related to tasks involving letters (the first task – the manipulation) and numbers (the second task – the dependent variable). They were provided with €4 or course credit for their participation. We randomly assigned participants to one of four experimental conditions in a 2 (Regulatory Focus: Promotion Goal vs. Prevention Goal) x 2 (Goal Attainment: Succeeded vs. Failed) between-subjects design.

Procedure. For the first task, we presented participants with nine different series of letters (i.e., anagrams) (cf. Förster et al., 1998, 2001). The goal of the task was to form a single English word for each of these series of letters. Participants received 45 seconds per series to provide the correct answer, and would only move to the next series if their answer was correct or time ran out. We manipulated regulatory focus by providing participants with a number of lottery tickets for a €50 raffle, and by either telling them that they would gain three lottery tickets if they managed to score above the 70th percentile (i.e., promotion goal), or by telling them that they would not lose three lottery tickets if they managed to score above this percentile (i.e., prevention goal). We manipulated goal attainment by providing participants with bogus performance feedback (i.e., 'you are currently performing below/above the 70th percentile') after each subset of three expressions. After the last expression, participants were told that they had either (not) gained (i.e., promotion goal), or (not) lost (i.e., prevention goal) three lottery tickets. All participants ultimately ended up with four tickets.

For the second task, participants solved math problems (Jordan et al., 2011a). For this task, participants received a total of fifteen expressions that they had to solve in their head. They were told that the expression would appear on top of the screen, and that they could press space bar and type in the answer when they knew the answer. Only by presenting the correct answer would they be able to advance to the next expression. In

[5] Eleven participants were compensated but excluded from analyses on the basis of anomalies during the experiment: experiment error (i.e., programming errors that caused crashes), experimenter error (i.e. providing wrong instructions), and participant error (i.e., highly suspicious behavior, e.g. stating during the experiment "am I in the winning condition?").

addition to this 'normal' explanation, participants were told that because of a bug in the software programming, the right answer would appear on the screen if they did not press the spacebar fast enough (i.e., after five seconds, which was determined to be more than enough time to hit the space bar; Von Hippel, Lakin, & Shakarchi, 2005). If they pressed space bar right away, however, they would not see the answer and would have all the time they needed to calculate the math problem.

Dependent variable. The answer provided by the spacebar bug in the math task was always ±1 from the actual answer so that we could determine if the participant was actually cheating rather than merely slow at responding (cf. Jordan et al., 2011a). The dependent variable was operationalized as the amount of math problems (out of fifteen) in which participants did not press the space bar and provided the answer that appeared on the screen.

Results

Manipulation check. Twelve participants (14%) were unable to correctly indicate whether they could gain or lose lottery tickets, and one participant (1%) was unable to correctly indicate whether they had score above or below the 70th percentile. These participants were excluded from further analyses, leading to a total of 73 participants on which we performed the analyses.

Cheating. To assess predictions, we conducted a two-way ANOVA with regulatory focus and goal attainment as between-subject factors. Results indicated a marginally-significant interaction for these two factors on cheating behavior, $F(1, 69) = 3.65$, $p < .10$, $\eta_p^2 = .05$. Within the promotion goal condition, successful goal attainment ($M = 2.13$, $SD = 3.61$, $N = 16$) was not significantly more likely to elicit cheating than failed goal attainment ($M = 1.40$, $SD = 2.80$, $N = 20$), $t(1, 69) = 0.68$, $p > .10$. However, within the prevention goal condition, failed goal attainment ($M = 2.61$, $SD = 4.43$, $N = 18$) was significantly more likely to elicit cheating than successful goal attainment ($M = 0.47$, $SD = 1.12$, $N = 19$), $t(1, 69) = 2.04$, $p < .05$.

Discussion

The results of Study 3.1 were supportive of our prediction that failed prevention goal attainment elicits more unethical behaviors than successful prevention goal attainment.

Unfortunately, our prediction that successful promotion goal attainment elicits more unethical behaviors than failed promotion goal attainment was not supported. This lack of support may be due to the fact that while our first task may have had financial incentives in them (i.e., to manipulate regulatory focus and goal attainment by (not) gaining or losing money), our second task had no financial incentives, which means that unethical behaviors in the second task had little to no functionality. Research on unethical behaviors typically uses financial incentives as a motive to elicit unethical behaviors, such that engaging in unethical behaviors would result in a higher monetary payoff (e.g., Gino & Margolis, 2011; Gino & Pierce, 2009; Gino et al., 2011; Mead et al., 2009). Furthermore, research has also shown that promotion goals are particularly likely to elicit unethical behaviors when these behaviors increase the likelihood of ensuring gains (Gino & Margolis, 2011). This is primarily because the eagerness elicited by promotion goals is enhanced when this eagerness can be used to attain desirable positive outcomes (i.e., regulatory fit; Higgins, 2000). Hence, we would expect that successful promotion goal attainment would lead to more unethical behaviors than failed promotion goal attainment if these unethical behaviors would be functional in that they lead to higher monetary payoffs.

Study 3.2

The purpose of Study 3.2 was to assess whether successful promotion goal attainment would lead to more unethical behaviors than failed promotion goal attainment if these unethical behaviors provided the opportunity of gaining a financial incentive. We assessed this by means of a similar manipulation as in Study 3.1, but with a different dependent variable that would allow for a financial incentive to be gained.

Methods

Participants and design. One-hundred-and-eight Dutch business undergraduates (M_{age} = 20.56, SD_{age} = 2.33, 47% male) participated in this study.[6] We told them that we were investigating how people would perform on different tasks in different conditions, and that they would be provided with €7-€12 for their participation, depending on their performance. We randomly assigned participants to one of the conditions in our 2

[6] Eight participants were compensated but excluded from analyses on the basis of anomalies during the experiment: experimenter error (i.e. setting up the experiment incorrectly, unable to count the number of coins taken), and participant error (i.e., not reading instructions properly, failing to understand and follow experimental procedures).

(Regulatory Focus: Promotion Goal vs. Prevention Goal) x 2 (Goal Attainment: Succeeded vs. Failed) between-subjects design. The design was similar to Study 3.1, with some procedural differences and a different dependent variable.

Procedure. For our first task, we adapted the manipulation used in Study 3.1 (cf. Förster et al., 2001). Instead of an anagram task, we used a matrix task where participants were provided with nine different 4 x 3 matrices, each containing different numbers in their respective cells. For every matrix, participants had 45 seconds to find two numbers that added up to ten. In the promotion goal condition, we told participants that they would gain €1 if they scored above average. In the prevention goal condition, we told participants that they would not lose €1 if they scored above average. All participants ultimately got €7 for this part of the study.

For our second task, the dependent variable, we used an anagram-cheating task. We provided participants with a list of ten anagrams, and two envelopes that each contained five €0.50 coins. We told participants that each anagram on the list would be solvable to yield a single Dutch word, and that they had five minutes to decipher all of the ten anagrams, and that each anagram solved would earn them €0.50. A timer on the computer screen indicated how much time they had left. During these five minutes, participants could write down their answers on a sheet of paper, which they could keep or throw away at the end of the session. After the five minutes, the computer moved to the next screen, where participants were asked to indicate which of the anagrams they were able to solve, without having to provide the actual answer. For every anagram they had solved correctly, they could take €0.50 out of one of the envelopes and leave the remaining money in the other.

Dependent variable. In reality, only two out of ten anagrams were solvable. The anagrams were pre-piloted to make sure that the other eight anagrams were unsolvable. We used two dependent variables for functional unethical behavior: *overstating,* operationalized as the number of unsolvable anagrams that participants had indicated to have solved (up to a maximum of eight), and *stealing*, operationalized as the amount of coins that participants took, controlling for their actual performance.

Results

Manipulation check and outliers. Ten participants (9%) were unable to correctly indicate whether they could gain or lose €1, three participants (3%) were unable to correctly indicate whether they had scored above or below average, and two (2%) were unable to correctly indicate both. These participants were excluded from further analyses. An additional two participants (2%) were excluded because they were extreme outliers on both overstating and cheating (± 4 *SD* residuals), leading to a total of 91 participants on which we performed the analyses.

Overstating. We conducted a two-way ANOVA with regulatory focus and goal attainment as between-subject factors, and overstating as the dependent variable. Results indicated a significant interaction on overstating behavior, $F(1, 87) = 6.15$, $p < .05$, $\eta_p^2 = .07$. Within the promotion goal condition, participants who had experienced earlier success ($M = 0.69$, $SD = 1.12$, $N = 26$) were significantly more likely to overstate than participants who had experienced earlier failure ($M = 0.24$, $SD = 0.60$, $N = 25$), $t(1, 87) = 2.01$, $p < .05$. Within the prevention goal condition, however, participants who had experienced earlier failure ($M = 0.58$, $SD = 0.84$, $N = 19$) were not significantly more likely to overstate than participants who had experienced earlier success ($M = 0.19$, $SD = 0.40$, $N = 21$), $t(1, 87) = 1.53$, $p > .10$.

Stealing. Furthermore, we conducted a two-way ANOVA with regulatory focus and goal attainment as between-subject factors, and stealing as the dependent variable. Results indicated a marginally-significant interaction effect of these two factors on stealing behavior, $F(1, 87) = 3.23$, $p < .10$, $\eta_p^2 = .04$. Within the promotion goal condition, participants who had experienced earlier success ($M = 0.40$, $SD = 1.48$, $N = 26$) were significantly more likely to steal than participants who had experienced earlier failure ($M = -0.32$, $SD = 1.10$, $N = 25$), $t(1, 87) = 2.42$, $p < .05$. However, within the prevention goal condition, participants who had experienced earlier failure ($M = -.01$, $SD = 0.60$, $N = 19$) did not steal more money than participants who had experienced earlier success ($M = -.10$, $SD = 0.67$, $N = 21$), $t(1, 87) = 0.26$, $p > .10$.

Discussion

Using a slightly different manipulation, and a differently operationalized dependent variable, Study 3.2 was supportive of our prediction that the successful attainment of

promotion goals is more likely to elicit unethical behaviors than the failed attainment of promotion goals. This may be a result of the gain-oriented function of the unethical behaviors in Study 3.2, which should provide a better regulatory fit with a promotion goal than the neutral functionality of unethical behaviors in Study 3.1 (Higgins, 2000). On the other hand, our Study 3.2 was unsupportive of our prediction that the failed attainment of prevention goals is more likely to elicit unethical behaviors than the successful attainment of prevention goals. The reason for this unsupportive result may again lie in the incentive for functional unethical behaviors. The gain-oriented financial function of the unethical behaviors in this study may not have had a good regulatory fit with the enhanced vigilance elicited by failed rather than successful prevention goal attainment (Higgins, 2000). This suggests that we need to consider unethical behaviors that may be functional in sustaining the enhanced vigilance resulting from failed rather than successful prevention goal attainment (cf. Scholer et al., 2008, 2010), if we want to elicit the expected effects.

Study 3.3

The purpose of Study 3.3 was twofold. First, following from Study 3.2, we wanted to assess whether the introduction of unethical behaviors that can be functional for offsetting losses would motivate unethical behaviors for individuals who failed to attain prevention focus goals, rather than those who succeeded in attaining them. Second, we wanted to assess whether our results would also hold for other types of promotion and prevention goals. Whereas Studies 3.1 and 3.2 used gain- and loss-framed goals, we aimed to assess whether nurturance- and security-framed goals would elicit similar effects.

Pilot Study

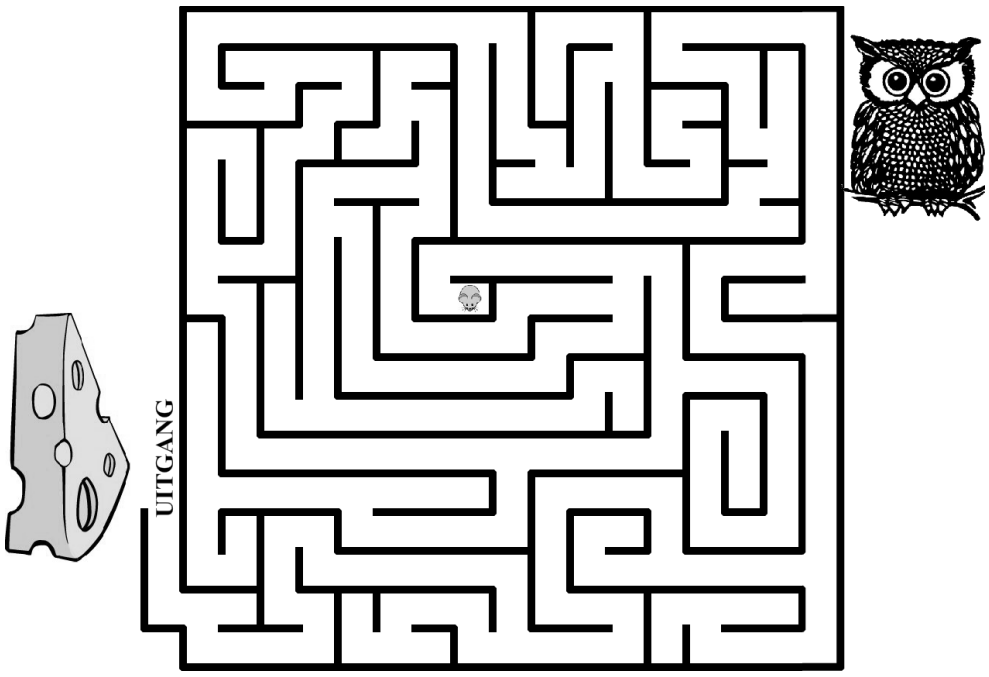
To manipulate both regulatory focus and goal attainment, we piloted an adapted version of the regulatory focus maze task (Friedman & Förster, 2001). In this task, participants had to guide a virtual mouse out of a maze (see Figure 3.1). In the promotion goal condition, participants were instructed to help the mouse out of the maze to reach a piece of cheese (i.e., to fulfill nurturance needs), whereas in the prevention goal condition, participants were instructed to help the mouse out of the maze to escape a predatory owl (i.e., to fulfill security needs).

For the purpose of this study, we programmed our own version of the maze. Participants could move the mouse through the maze by using the arrow keys on the keyboard. In a pilot study (N = 106), we tested whether promotion participants had seen

the piece of cheese, and whether prevention participants had seen the owl. Results indicated that 27 out of 51 promotion participants had seen the piece of cheese (53%), and that 37 out of 55 prevention participants had seen the owl (67%). Based on these numbers and participant feedback, we made the cheese and owl manipulation more prominent for the present study. We also piloted the average time participants took to finish the maze. In doing so, we adjusted the average speed the mouse could walk and the time limit in seconds for the maze to be solved in. After finding the optimum movement speed, we tested a total allotted time of 50, 60, and 75 seconds, and found that 65 seconds is the average amount of time required to finish the maze.

Figure 3.1

Manipulation used in pilot study (Study 3.3)



Methods

Participants and design. Ninety-six Dutch business undergraduates (M_{age} = 19.77, SD_{age} = 1.91, 32% male) participated in this study.[7] We told them that we were investigating

[7] Eleven participants were compensated but excluded from analyses on the basis of anomalies during the experiment: experimenter error (i.e. not providing all of the required materials to participants), and participant error (i.e., not reading instructions properly, failing to understand and follow experimental procedures).

how the performance of spatial ability (the first task – the manipulation) relates to the performance of language ability (the second task – the dependent variable), and that we would provide them with either €12, or €7 and course credit for their participation. Participants were told that their performance on the second task determined how many of those coins they could lose or keep.

We randomly assigned participants to one of the conditions of our 2 (Regulatory Focus: Promotion Goal vs. Prevention Goal) x 2 (Goal Attainment: Succeeded vs. Failed) between-subjects design. The design was similar to the one employed in Study 3.2, with procedural differences for the manipulation, and a slightly adapted dependent variable.

Procedure. For our first task, we used the piloted virtual maze task to manipulate regulatory focus and goal attainment. For the second task, participants engaged in a similar anagram task as in Study 3.2. For this study, however, participants were provided with an empty envelope that said 'experimenter,' and an envelope saying 'participant' that contained ten €0.50 coins. They were told that for every anagram they managed to solve, they would not have to return a coin. After the task, participants were told to bring the experimenter envelope back to the experimenter.

Dependent variables. For the dependent variable, we looked at *overstating* and *stealing*, which were operationalized in a similar fashion to Study 3.2. Instead of providing participants with ten anagrams in which only two were solvable, however, we provided them with ten anagrams in which five were solvable.

Results

Manipulation check and outliers. Fourteen participants (15%) were unable to correctly indicate whether they saw a piece of cheese or an owl, and one participant (1%) was unable to correctly indicate whether they had solved the maze or not. These participants were excluded from further analyses. An additional three participants (3%) were excluded because they were extreme outliers on both overstating and stealing (± 4 *SD* residuals), leading to a total of 78 participants on which we performed the analyses.

Overstating. We conducted a two-way ANOVA with regulatory focus and goal attainment as between-subject factors. Results indicated a significant interaction effect on overstating behavior, $F(1, 74) = 6.49$, $p < .05$, $\eta_p^2 = .08$. Within the promotion goal condition,

participants who succeeded (*M* = 0.39, *SD* = 0.72, *N* = 23) were significantly more likely to overstate than participants who failed (*M* = 0.00, *SD* = 0.00, *N* = 17), t(1, 74) = 2.21, *p* < .05. Within the prevention goal condition, participants who had failed (*M* = 0.44, *SD* = 0.73, *N* = 16) were not significantly more likely to overstate than participants who had succeeded (*M* = 0.18, *SD* = 0.39, *N* = 22), *t*(1, 74) = 1.41, *p* > .10.

Stealing. Furthermore, results indicated a significant interaction effect of these two factors on stealing behavior *F*(1, 74) = 5.26, *p* < .05, η_p^2 = .07. Within the promotion goal condition, participants who had experienced earlier success (*M* = 0.13, *SD* = 0.72, *N* = 23) were marginally more likely to steal than participants who had experienced earlier failure (*M* = -.20, *SD* = 0.24, *N* = 17), *t*(1, 74) = 1.72, *p* < .10. Within the prevention goal condition, however, participants who had experienced earlier failure (*M* = 0.18, *SD* = 0.81, *N* = 16) were not significantly more likely to steal than participants who had experienced earlier success (*M* = -0.12, *SD* = 0.47, *N* = 22), *t*(1, 74) = 1.53, *p* > .10.

Discussion

By means of different promotion and prevention goals, and an operationalization of unethical behaviors that would allow participants to keep, rather than gain, money, Study 3.3 was supportive of our prediction that the successful attainment of promotion goals is more likely to elicit unethical behaviors than the failed attainment of promotion goals. Given the fact that we focused on nurturance- and security-framed goals, the results of Study 3.3 demonstrate that our predictions also hold for promotion goals other than those focused on gains (cf. Study 3.2). Despite the function of unethical behaviors – that participants could keep rather than gain money – the results of Study 3.3 were not supportive of our prediction that the failed attainment of prevention goals is more likely to elicit unethical behaviors than the successful attainment of prevention goals. Although the effects of Study 3.3 for prevention goals on overstating were comparable to those of Study 3.2, the effects of prevention goals on stealing were stronger in Study 3.3. This indicates that although the effects were not significant, the loss-framed function of unethical behaviors in Study 3.3 may have a slightly better fit with prevention goals than the gain-framed function of unethical behaviors in Study 3.2 (cf. regulatory fit; Higgins, 2000).

Taken together, then, the results across the three studies offer inconsistent evidence of our predictions that successful promotion goal attainment leads to more unethical behaviors than failed promotion goal attainment, and that failed prevention goal attainment

leads to more unethical behaviors than successful prevention goal attainment. For our prediction that successful promotion goals elicit more unethical behaviors than failed promotion goals, we found (marginally) significant support in Studies 3.2 and 3.3, and a non-significant trend in Study 3.1. For our prediction that failed prevention goals elicit more unethical behaviors than successful prevention goals, we found significant support in Study 3.1, and non-significant trends in Studies 3.2 and 3.3. Although we varied the operationalizations the independent and dependent variables across the three studies, all studies in essence utilized the same designs. Hence, we conducted a meta-analysis across the three studies to assess our predictions (cf. Li, Evans, Christian, Gilliland, Kausel, & Stein, 2011).

Meta-Analyses Across Studies 3.1 through 3.3

We ran two meta-analyses (Borenstein, Hedges, Higgins, & Rothstein, 2009) in which we wanted to assess whether, within both the promotion and prevention goal conditions, successful and failed goal attainment would differentially predict functional unethical behaviors (see Table 3.1). In terms of unethical behaviors, cheating was used as an effect size for Study 3.1, and the average effect of overstating and stealing was used as a single effect size for Studies 3.2 and 3.3. The two meta-analyses assumed fixed simple effects of goal attainment on functional unethical behavior: one for the promotion conditions and one for the prevention conditions. For the promotion conditions (N = 127), the weighted correlation between goal attainment and functional unethical behavior was r = .24 (Z = 2.63, p < .01). A heterogeneity test indicated that differences among the three studies are likely to be solely due to sampling error, $Q(2)$ = 0.78, p > .10. For the prevention conditions (N = 115), the weighted correlation between goal attainment and functional unethical behavior was r = -.25 (Z = -2.57, p < .01). A heterogeneity test indicated that differences among the three studies are likely to be solely due to sampling error, $Q(2)$ = 0.43, p > .10.

General Discussion

Taken together, then, these meta-analyses offer consistent evidence that different types of promotion and prevention goals can motivate different types of unethical behaviors, depending on goal attainment. More specifically, these results indicate that promotion goals motivate more unethical behaviors following success rather than failure, and that prevention goals motivate more unethical behaviors following failure rather than success.

This holds for various types of functional unethical behaviors, such as cheating (Study 3.1), overstating and stealing (Studies 3.2 and 3.3). These results also hold for different types of performance-dependent reward structures, including no explicit rewards (Study 3.1), gain-framed rewards (Study 3.2), and loss-framed rewards (Study 3.3).

Table 3.1
Meta-analyses across Studies 3.1 through 3.3

Promotion goal			Prevention goal		
Success	Failure	Effect	Success	Failure	Effect
Study 3.1: cheating					
2.13	1.40	r = .12	0.47	2.61	r = -.33
(3.61)	(2.80)	p > .10	(1.12)	(4.43)	p < .05
		N = 36			N = 37
Study 3.2: overstating performance					
0.69	0.24	r = .25	0.19	0.58	r = -.29
(1.12)	(0.60)	p < .10	(0.40)	(0.84)	p < .10
		N = 51			N = 40
Study 3.2: stealing					
0.40	-0.32	r = .27	-0.10	-0.01	r = -.07
(1.48)	(1.10)	p < .10	(0.67)	(0.60)	p > .10
		N = 51			N = 40
Study 3.3: overstating performance					
0.39	0.00	r = .34	0.18	0.44	r = -.23
(0.72)	(0.00)	p < .05	(0.39)	(0.73)	p > .10
		N = 40			N = 38
Study 3.3: stealing					
0.13	-0.20	r = .28	-0.12	0.18	r = -.24
(0.72)	(0.24)	p < .10	(0.47)	(0.81)	p > .10
		N = 40			N = 38
Meta-analysis across studies					
		r = .24			r = -.25
		Z = 2.63			Z = -2.57
		p < .01			p < .01
		N = 127			N = 115

Notes. Standard deviations between parentheses. Means and standard deviations are based on the entire sample. r's, p's, and N's for promotion and prevention goal effects are based on partial samples that only include participants of that particular condition.

Theoretical Implications

Our theoretical and empirical findings have implications for various streams of literature, particularly for those on goals and goal setting (Locke & Latham, 1990, 2002, 2004, 2006)

and regulatory focus (Higgins, 1997). First, this research extends prior work on the dark side of goal setting, which states that the various positive motivational consequences of goal setting are accompanied by an increased likelihood of engagement in functional unethical behavior (Barsky, 2008; Ordóñez et al., 2009). Prior research has shown that individuals may be motivated to act unethically in light of an *anticipation* of goal success or failure – that is, individuals who have yet to meet their goals are more likely to engage in functional unethical behavior (to attain their goals) than individuals who merely attempt to do their best (Schweitzer et al., 2004). We extend this work by showing that the *experienced* successful or failed attainment of goals can also motivate unethical behaviors on successive task episodes. Our studies have shown that an enhanced promotion focus as a result of successful goal attainment in a previous task can transfer to a subsequent task (cf. Cummins et al., 2009; Reeve et al., 1985; Wadhwa & Kim, 2015). Given that much of everyday (organizational) life is characterized by sequential episodes of successful and failed attainment of goals (Singh, 1992), it is important to identify how successful or failed goal attainment on a preceding task influences insidious unethical behaviors on subsequent tasks.

In addition to implications for goal setting, this research extends prior work on regulatory focus and ethics. Previous research has shown that promotion and prevention foci differ in their associations with the acceptance of moral transgressions (Camacho et al., 2003), feelings of guilt (Santelli et al., 2009), risk taking (Scholer et al., 2008, 2010), and unethical behaviors (Gino & Margolis, 2011). We corroborate this work by showing that the influence of regulatory focus is not only limited to unethical cognitions and intentions, but also extends to unethical *behaviors*. Furthermore, we extend this research by providing a nuance to the findings of Gino and Margolis (2011) by demonstrating that not only promotion goals but also prevention goals can elicit unethical behaviors, and that these insidious effects are contingent on the depend on successful or failed goal attainment during previous task episodes. Furthermore, in line with Förster and colleagues (1998, 2001), our research suggests that the eagerness and vigilance motivation of individuals can vary with the successful and failed attainment of promotion and prevention goals, and furthermore suggests that these motivational processes elicit unethical behaviors.

Practical Implications

Given that we *induced* regulatory goals in task settings, this research offers several managerial implications. First and foremost, regulatory focus is inducible by a wide variety

of management tools (Brockner & Higgins, 2001): in addition to the subtle framing of environmental characteristics (Gino & Margolis, 2011), managers can induce a promotion or prevention focus through goal setting. Managers can induce a promotion focus by setting maximal goals that reflect advancement, growth, accomplishment, hopes, aspirations, or gains, and induce a prevention focus by setting minimal goals that reflect security, safety, responsibility, duties, obligations, or losses (Crowe & Higgins, 1997; Freitas & Higgins, 2002; Higgins, 1997). Managers can then partially control (subsequent) functional unethical behavior by altering the degree to which these promotion or prevention goals are attainable.

Although unethical behavior is undesirable in itself, there are other desirable correlates of regulatory focus that are influenced when managers alter their employee's regulatory focus. By trying to control their employee's unethical behavior through their regulatory focus, managers also directly influence such outcomes as performance, creativity, and organizational citizenship behaviors. This is, unfortunately, a recognized issue within the context of (the dark side of) goal setting (Barsky, 2008; Ordóñez et al., 2009), and makes the prevention of functional unethical behavior difficult. The best approach for managers may be to balance the strength of the focus that is (partially) induced, such that employees are sufficiently motivated to attain their goals, but not so much as to adopt functional unethical behaviors. Another approach may be to make employees aware of potential unethical behaviors (Reynolds, 2006), thereby reducing the likelihood of engaging in them. In contrast to such *a priori* approaches, managers can also decide to monitor employees during and after their goal attainment of promotion goals by being wary of employees that are successful.

Limitations and Future Research Directions

Although our studies have answered several questions, they also raise several unanswered questions, as well as pose several limitations as a result of theoretical and practical choices that we have made. First, we rely heavily on affective and motivational processes to argue for the proposed effects of the successful or failed attainment of promotion and prevention goals on subsequent unethical behaviors. More specifically, we argue that successful promotion goal attainment results in cheerfulness-type emotions that enhance eagerness motivation and that failed prevention goal attainment results in agitation-type emotion that enhance vigilance motivation (Baas et al., 2011; Förster et al., 1998, 2001; Higgins et al., 1997; Idson et al., 2000), and that these enhanced motivations subsequently lead to an

increase in unethical behaviors (cf. Barsky, 2008; Ordóñez et al., 2009; Schweitzer et al., 2004). Despite our reliance on such affective and motivational processes, however, we have not empirically demonstrated that they mediate the effects as proposed here. Future research could investigate whether these processes indeed mediate the effects of successful and failed attainment of promotion and prevention goals on subsequent unethical behaviors.

Second, our research is limited in that it has investigated *experienced*, rather than *anticipative* goal attainment. Our current setup was such that *experienced* task success or failure would motivate functional unethical behavior in order to attain goals in a subsequent goal-setting task context. Future research may investigate whether the same pattern of results would occur for *anticipated* success or failure (Higgins, 2006). This would be along the lines of the work of Schweitzer and colleagues (2004), who have investigated *anticipated* failure within the same task, rather than in sequential tasks. Alternatively, future research could investigate whether individuals feel morally compensated or licensed (Jordan et al., 2011a) to engage in unethical behavior through a sequential chain of successes and/or failure.

Third, a characteristic that remained constant within our studies is the person who set the initial promotion or prevention goals. In our studies, the goals were set by the experimenter as part of the experiments. This tends to be consistent within an organizational context, in which leaders tend to do the goal-setting (Kark & Van Dijk, 2007; Sue-Chan, Wood, & Latham, 2012; Wu, McMullen, Neubert, & Yi, 2008). Being able to determine one's own goals tends to enhance commitment to these goals (Bandura, 1997), however, making goal attainment more salient and possibly enhancing the effects of regulatory fit. Future research could take into account whether the moderating effects of goal attainment will be enhanced or reduced when individuals can set goals for themselves, or when goals are set for them (e.g., by leaders).

Fourth, we had to exclude quite a large number of participants in each of the three studies. Our reasoning for doing so is that the manipulations we employed were relatively subtle (e.g., *not gaining* vs. *keeping*), meaning that participants who were not paying attention or who were otherwise distracted would have easily missed these manipulations. Indeed, in a replication of the results with all participants included (see Appendix D), the effects tended to be notably stronger when participants were removed for the reasons as specified in the respective studies. Future research could verify these arguments by

assessing whether the results would also hold for stronger manipulations of promotion and prevention goals.

Conclusions

Goal setting is one of the most popular management tools that managers have at their disposal. Despite their many beneficial effects, researchers and practitioners have gradually accepted that goals may have various insidious side effects. We add to this notion by demonstrating that these insidious side effects can even transfer to subsequent tasks, depending on whether these goals emphasize rewards (i.e., promotion goals) or punishments (i.e., prevention goals), and whether individuals have succeeded to attain these goals or have failed to do so. These conditions, under which such goals motivate unethical behaviors, are similar to the conditions under which individuals would normally maximize their effort and performance. It is imperative for managers to be wary of this association, such that they can motivate their employees to enhance their effort in performance rather than their unethical behaviors.

CHAPTER 4: DIFFERENTIALLY TREATING EMPLOYEES

Abstract

In this chapter, we explore how the perceived quality of their leader-member exchange (LMX) motivates subordinates to reciprocate this LMX relationship by means of unethical behaviors. We distinguish unethical behaviors that are beneficial to the supervisor (i.e., pro-supervisor unethical behaviors) from those that are beneficial to the subordinate (i.e., pro-self unethical behaviors). Across four studies, we find that high-quality LMX relationships motivate pro-supervisor unethical intentions (Studies 4.1, 4.2a, and 4.2b) and behaviors (Study 4.3) as a means to satisfy positive reciprocity norms (Studies 4.2b and 4.3), and that low-quality LMX relationships motivate pro-self unethical intentions (Studies 4.2a and 4.2b) and behaviors (Study 4.3) as a means to satisfy negative reciprocity norms (Studies 2b and 3). Implications of these results are discussed for LMX theory and social exchange theory.

Chapter 4: Differentially Treating Employees

Since its conception, leader-member exchange (LMX) theory has received considerable attention as the basis for a management tool that aims to promote desirable and beneficial behaviors (e.g., work performance and organizational citizenship behaviors) and to prevent undesirable and harmful behaviors (e.g., turnover and counterproductive work behaviors) amongst subordinates (Henderson et al., 2009; Kauppila, 2015; Michaels et al., 2001). The main premise of LMX theory is that supervisors develop unique relationships with each of their subordinates (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995) that are either solely based on *economic* exchanges (i.e., low-quality LMX relationships), or are additionally based on *social* exchanges (i.e., high-quality LMX relationships). The quality of these LMX relationships motivates subordinates to engage in reciprocal exchanges (Liden, Sparrowe, & Wayne, 1997; Settoon et al., 1996; Wayne, Shore, & Liden, 1997). Subordinates can make these reciprocal exchanges by either performing the formal work duties as stipulated in their contract (i.e., economic exchanges in low-quality LMX relationships), or through mutual exchange of affect, loyalty, contribution, and professional respect (i.e., social exchanges in high-quality LMX relationships) (Liden & Maslyn, 1998). Hence, an important assumption in LMX theory is that it is generally considered a good thing to increase the quality of LMX relationships for as many subordinates as possible, as this typically leads to an overall increase in desirable and beneficial behaviors and a decrease in undesirable and harmful behaviors (e.g., Harris, Kacmar, & Witt, 2005; Rupp & Cropanzano, 2002; Wayne et al., 1997).

Despite the copious benefits associated with high-quality LMX relationships, there are various indications that these relationships may also promote undesirable unethical behaviors amongst subordinates. The main reason for this lies in the mechanism of *positive* reciprocity – that is, to return any benefit that subordinates were endowed with by their supervisor by equivalent benefit (Blau, 1964; Gouldner, 1960). High-LMX subordinates will feel endowed for receiving benefits from their supervisor (e.g., support, information, autonomy, desirable task assignments) that their low-LMX peers have not. This endowment creates an obligation for subordinates to *positively* reciprocate the received benefits by passing on proportional benefits to the supervisor (e.g., Liden et al., 1997; Settoon et al., 1996). To date, research on LMX has primarily focused on identifying positive work attitudes (e.g., satisfaction, commitment) and desirable work behaviors (e.g., task performance, OCB) by which subordinates can reciprocate high-quality LMX relationships

(for reviews on LMX, see: Dulebohn et al., 2012; Ilies et al., 2007; Martin et al., 2015). Recent research on unethical behaviors, however, has shown that individuals may also engage in undesirable unethical behaviors to benefit others (e.g., Effelsberg, Solga, & Gurt, 2014; Gino & Pierce, 2009; Miao, Newman, Yu, & Xu, 2013; Thau, Derfler-Rozin, Pitesa, Mitchell, & Pillutla, 2015; Umphress et al., 2010). Such unethical behaviors can, for instance, take the form of being dishonest such that the supervisor has benefitted. Based on this, we propose that subordinates may also engage in unethical behaviors that benefit their supervisor (i.e., pro-supervisor unethical behaviors), provided that these behaviors allow subordinates to *positively* reciprocate the high-quality exchange relationship that they have with their supervisor.

Unfortunately, the role of LMX relationships in motivating unethical behaviors does not end there, as there are various indications that *low*-quality LMX relationships can also promote undesirable and harmful behaviors. The main reason for this lies in the mechanism of *negative* reciprocity – that is, to return any harm that subordinates were dealt with by their supervisor by equivalent harm (Blau, 1964; Gouldner, 1960). In isolation, economic exchanges such as those implied by low-LMX relationships are unlikely to be perceived as harmful. The comparison of these economic exchanges with the social benefits that high-LMX peers do receive from their supervisor (i.e., as is inherent in LMX differentiation; Henderson et al., 2009), however, are likely to leave low-LMX subordinates with feelings of deprivation (Masterson, Lewis, Goldman, & Taylor, 2000). This deprivation may be seen as a harmful slight (Folger, 1993; Folger & Martin, 1986) that motivates subordinates to *negatively* reciprocate their low-quality LMX relationship (Blau, 1964; Gouldner, 1960; Eisenberger, Lynch, Aselage, & Rohdieck, 2004; Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003). This negative reciprocity can take the forms of subordinates disregarding the wants and needs of their supervisor, acting deviant (e.g., El Akremi, Vandenberghe, & Camerman, 2010; Liu, Lin, & Hu, 2013), and acting in manners that serve their own personal interests (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003). Accordingly, we propose that subordinates may resort to illegitimate self-interested behaviors that yield short-term benefits for themselves (i.e., pro-self unethical behaviors; Brief et al., 2001; Gino et al., 2011; Winterich et al., 2014) as a means to *negatively* reciprocate the deprivation they experience in the low-quality LMX relationship they have with their supervisor.

Taken together, then, the above discussion suggests that perceptions of both high-quality and low-quality LMX relationships may motivate subordinates to engage in unethical

behaviors, albeit different behavior and for different reasons. Given the prevalence of LMX as a management tool (Henderson et al., 2009; Kauppila, 2015; Michaels et al., 2001), and the costs and harm that are associated with unethical behaviors (Cohan, 2002; Cooper, 2001; Giacalone & Promislo, 2010; Heidenheimer & Johnston, 2002), it is imperative to investigate whether LMX indeed motivates unethical behaviors across leader-subordinate relationships of different qualities.

Drawing from social exchange theory (Blau, 1964; Gouldner, 1960), and LMX theory (Graen & Cashman, 1975; Graen & Scandura, 1987; Liden & Graen, 1980), we argue that high-quality LMX relationships motivate pro-supervisor unethical behaviors amongst subordinates and that low-quality LMX relationships motivate pro-self unethical behaviors amongst subordinates. Across four studies, we first show that the quality of the LMX relationship is positively associated with pro-supervisor unethical intentions (Study 4.1, field study, N = 106). We then show that high-quality LMX relationships elicit more pro-supervisor unethical intentions than low-quality LMX relationships and that low-quality LMX relationships elicit more pro-self unethical intentions than high-quality LMX relationships (Study 4.2a, scenario study, N = 160), and that these differences can be explained by positive and negative reciprocity intentions (Study 4.2b, scenario study, N = 164). Finally, we replicate these results with actual unethical behaviors amongst employees (Study 4.3, time-lagged field study, N = 180).

By means of the present investigation, we aim to contribute to the literature in several ways. First, we contribute to the literature on LMX theory (Graen & Cashman, 1975; Graen & Scandura, 1987; Liden & Graen, 1980) by demonstrating that perceptions of LMX can motivate unethical behaviors amongst subordinates. Second, we further integrate the literatures on LMX theory and social exchange theory (Blau, 1964; Gouldner, 1960) by demonstrating that perceptions of the quality of LMX relationships motivate different types of unethical behaviors, depending on whether subordinates have a motive of positive or negative reciprocity. Finally, we contribute to the literature on unethical behaviors by corroborating earlier findings that individuals can be motivated to engage in unethical behaviors for the benefit of others (e.g., Effelsberg et al., 2014; Gino & Pierce, 2009; Thau et al., 2015; Umphress et al., 2010), and extend this literature by demonstrating that subordinates specifically can engage in pro-supervisor unethical behaviors.

Leader-Member Exchange Theory

Leader-member exchange (LMX) theory (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Settoon et al., 1996) is a leadership model that explains how the relationship between supervisors and subordinates develop (cf. role theory; Graen, 1976; Graen & Scandura, 1987), and how this development determines how supervisors and subordinates interact with each other (cf. social exchange theory; Blau, 1964; Gouldner, 1960). LMX theory states that supervisors develop unique relationships with each of their subordinates through a role-taking and role-making process. Depending on various characteristics inherent to the supervisor, subordinate, dyad, and work setting (for a review on the antecedents of LMX, see: Dulebohn et al., 2012), these role-taking and role-making processes determine whether supervisors and subordinates develop LMX relationships that are of lower or of higher quality. The quality of these relationships then determines what type of resources are exchanges between supervisors and subordinates (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Settoon et al., 1996). On the one hand, low-quality LMX relationships are typically limited to economic exchanges between supervisors and subordinates, such that subordinates simply perform the duties that are specified in their work contract for which they get accordingly rewarded. High-quality LMX relationships, on the other hand, go beyond the formal work contract and additionally include social exchanges of mutual affect, loyalty, contribution, and professional respect (Liden & Maslyn, 1998). Based on these economic and social exchanges, subordinates develop perceptions of the quality of the LMX relationship that they have with their supervisor (Engle & Lord, 1997; Lord & Maher, 1991). Once subordinates have formed perceptions of the quality of their LMX relationship, they feel obligated to balance these interpersonal exchanges through reciprocal means (Blau, 1964; Gouldner, 1960; Keller & Dansereau, 1995; Liden et al., 1997; Wayne & Green, 1993; Wayne et al., 1997). These reciprocal means can either take the form of positive reciprocity, where benefits are returned with benefits, or negative reciprocity, where injuries are returned with injuries (Blau, 1964; Caliendo, Fossen, & Kritikos, 2012; Dohmen, Falk, Huffman, & Sunde, 2008; Egloff, Richter, & Schmukle, 2013; Gouldner, 1960). Whether subordinates positively or negatively reciprocate depends on the perceived quality of their own LMX relationship (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003) and the comparison of their own LMX relationship with the LMX relationships that their peers have (Henderson et al., 2009). Typically, subordinates with a high-quality LMX relationship are more likely to positively

reciprocate, and subordinates with a low-quality LMX relationship are more likely to negatively reciprocate (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003).

Subordinates have various means to reciprocate their perceived low-quality or high-quality LMX relationships. Research has particularly focused on altering desirable and beneficial outcomes as a means of reciprocation: subordinates either increase these behaviors to positively reciprocate high-quality LMX relationships and decrease them to negatively reciprocate low-quality LMX relationships. Notable outcomes that subordinates may alter include job performance, organizational citizenship behaviors, organizational commitment, and job satisfaction (Dulebohn et al., 2012; Ilies et al., 2007; Martin et al., 2015). In contrast to research on desirable and beneficial outcomes, however, undesirable and harmful outcomes of LMX relationships have received relatively scant research attention. With the exception of some studies on deviance (El Akremi et al., 2010; Liu et al., 2013) and withdrawal (Gerstner & Day, 1997), scholars know relatively little about how LMX relationships may motivate subordinates to engage in undesirable and harmful outcomes (Cropanzano & Mitchell, 2005; Umphress & Bingham, 2011). In response to this gap, we will focus on how the quality of LMX relationships can motivate subordinates to engage in unethical behaviors – arguably one of the most undesirable and harmful behavioral outcomes present in organizations (Treviño et al., 2014).

Unethical Behaviors as a Means to Reciprocate

Unethical behaviors are behaviors that are "either illegal or morally unacceptable to the larger community" (Jones, 1991: 367). Individuals generally engage in unethical behaviors because they yield opportunistic short-term gains (Brief et al., 2001; Gino et al., 2011) that allow them to attain desirable outcomes that they would not have attained through ethical means (Ordóñez et al., 2009; Schweitzer et al., 2004). In contrast to the perspective that individuals only engage in unethical behaviors for their own benefit, recent research has shown that individuals also engage in unethical behaviors to benefit others (e.g., Effelsberg et al., 2014; Gino & Pierce, 2009; Thau et al., 2015; Umphress et al., 2010). Individuals are likely to engage in unethical behaviors to benefit organizations they identify with (Umphress et al., 2010), to benefit groups they are part of (Thau et al., 2015), or to benefit total strangers they feel sorry for (Gino & Pierce, 2009). Within this influence, it seems conceivable that subordinates not only engage in unethical behaviors for their own sake, but may also engage in unethical behaviors to benefit their supervisors. Throughout the next sections, we will elaborate upon these juxtapositions, first in terms of high-quality

LMX relationships and pro-supervisor unethical behaviors, and then in terms of low-quality LMX relationships and pro-self unethical behaviors.

High-quality LMX Relationships and Pro-supervisor Unethical Behaviors

The higher the quality of their LMX relationship, the more likely supervisors and subordinates are to exchange mutual affect, loyalty, contribution, and professional respect (Liden & Maslyn, 1998). Given that the resources for supervisors to make social exchanges with subordinates are limited (Graen & Cashman, 1975; Graen & Scandura, 1987; Liden & Graen, 1980), subordinates are likely to conclude that their own high-quality LMX relationship will come at the expense of the LMX relationships of their peers (Henderson et al., 2009). Therefore, it is likely that high LMX subordinates will determine that they are privy to special treatment by their supervisors and treated by their supervisors relatively better than their peers are treated by their supervisors (cf. referent cognitions theory; Folger, 1993; Folger & Martin, 1986), leading to feelings of endowment. Subordinates will then interpret these high-quality exchanges with their supervisor and the associated feelings of endowment as unique benefits and will feel obligated to positively reciprocate these benefits (Brandes & Franck, 2012; Chen, Chen, & Portnoy, 2009; Gouldner, 1960; Hofmann, Morgeson, & Gerras, 2003; Perugini, Gallucci, Presaghi, & Ercolani, 2003) by providing favorable treatment to their supervisor (Eisenberger et al., 2004; Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003).

Expanding on our earlier definition of unethical behaviors, we define pro-supervisor unethical behaviors as all acts that are illegal or morally unacceptable to the larger community (cf. Jones, 1991), with the addition that subordinates engage in these acts with the intention to benefit their supervisor. In their capacity as unethical behaviors, the prime function of pro-supervisor unethical behaviors is for subordinates to provide benefits (Brief et al., 2001; Gino et al., 2011) for their supervisor (cf. pro-group unethical behaviors, Thau et al., 2015; unethical pro-organizational behaviors, Umphress et al., 2010). Although these acts may actually cause harm to the supervisor in the long term, very much like how unethical pro-organization behaviors may harm organizations in the long run (Umphress et al., 2010), we stress the importance of the *intention* of pro-supervisor unethical behaviors to benefit the supervisor, regardless of their actual consequences (Sackett, 2002). Given the risks associated with engaging in unethical behaviors, in general (Becker, 1968; Gino & Margolis, 2011), pro-supervisor unethical behaviors are likely to be risky for subordinates,

as well, and may harm subordinates in both the short- and long-term. Therefore, engaging in these behaviors can also be a sacrifice for the subordinate him or herself.

Previous research has shown that individuals are most likely to consider unethical behaviors that benefit others when these individuals perceive strong relational ties to the beneficiary (cf. organizational identification and unethical pro-organizational behaviors, Umphress et al., 2010) or feel a strong need to belong to a specific group (cf. need for affiliation and pro-group organizational behaviors, Thau et al., 2015). We argue that high-quality LMX relationships have similar characteristics that motivate subordinates to engage in pro-supervisor unethical behaviors. First, high-LMX subordinates establish strong relational ties with their supervisor characterized by mutual affect, loyalty, and liking. As suggested by the research mentioned above, such strong relational ties can make subordinates conducive to resorting to pro-supervisor unethical behaviors. They may, for example, exaggerate successes and lie about wrongdoings of their supervisor to others with the intention to advantage or protect the supervisor and maintain the close relationship with him or her. Second, high-quality LMX relationships create an obligation for subordinates to positively reciprocate the benefits they receive from their supervisor (Brandes & Franck, 2012; Chen et al., 2009; Gouldner, 1960; Hofmann et al., 2003) by doing things that benefit their supervisor in return (Eisenberger et al., 2004; Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003). Given that pro-supervisor unethical behaviors allow subordinates to provide benefits to their supervisors, these behaviors should be able to satisfy the positive reciprocity needs that high-quality LMX relationships elicit (cf. Umphress & Bingham, 2011). Accordingly, we expect that high-quality LMX relationships elicit a need for subordinates to positively reciprocate these relationships, which they can do by engaging in pro-supervisor unethical behaviors.

Hypothesis 1a: *The perceived quality of the leader-member exchange relationship is positively related to pro-supervisor unethical behaviors.*

Hypothesis 1b: *The positive relationship between the perceived quality of the leader-member exchange relationship and pro-supervisor unethical behaviors is mediated by positive reciprocity intentions.*

Low-quality LMX Relationships and Pro-self Unethical Behaviors

In contrast to high-quality LMX relationships, which are based on mutual social exchanges of affect, loyalty, contribution, and professional respect (Liden & Maslyn, 1998), low-quality LMX relationships are based on pure economic exchanges that are void of social exchanges. In these low-quality LMX relationships, subordinates merely perform the work duties that are specified in their formal work contract, and are economically rewarded for this performance (Keller & Dansereau, 1995; Liden et al., 1997; Wayne & Green, 1993; Wayne et al., 1997). Given that supervisors differentiate in the quality of the exchange relationships they establish with their subordinates, some involving social exchanges (i.e., high-quality LMX relationships) and others not (i.e., low-quality LMX relationships) (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995), low-LMX subordinates are likely to feel deprived relative to high-LMX subordinates (Folger, 1993; Folger & Martin, 1986; Henderson et al., 2009). This perceived deprivation, then, may cause low-LMX subordinates to feel dissatisfied with their supervisor (McClane, 1991), and may even lead them to conclude that they are unfairly treated by their supervisor (Liden, Erdogan, Wayne, & Sparrowe, 2006; Masterson et al., 2000; Scandura, 1999). Such perceived unfair treatments are likely to induce a felt obligation in low-LMX subordinates to negatively reciprocate by similarly harming their supervisor in order to restore the balance in the relationship (Blau, 1964; Eisenberger et al., 2004; Gouldner, 1960; Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003). Typical examples of negative reciprocity include both supervisor- and organization-directed deviance (El Akremi et al., 2010; Liu et al., 2013) and withdrawal behaviors (Gerstner & Day, 1997), and a general inhibition of any behavior that would otherwise be perceived as desirable or beneficial to the supervisor. Another potential means of negative reciprocity may lie in engagement in pro-self unethical behaviors – that is, illegitimate behaviors that benefit the *self* rather than the supervisor – which we will focus on now.

Pro-self unethical behaviors are illegal or morally unacceptable acts (cf. Jones, 1991) that individuals engage in with the intention to provide benefits to the self (Brief et al., 2001; Gino et al., 2011). However, besides benefitting the self, illegitimate selfish acts committed by low-LMX subordinates are likely to harm their supervisors. The reason for this is that the illegitimate selfish acts committed by low-LMX subordinates degrade the economic exchanges they are expected to maintain with their supervisor as stipulated by the formal work contract. Moreover, supervisors are responsible for maintaining the formal rules, standards, and norms in the workplace (Brown & Mitchell, 2010; Treviño & Brown,

2005). Subordinates may harm their supervisors when they engage in selfish acts that violate and undermine these established rules and norms.

Although the economic exchanges in low-quality LMX relationships in and of themselves may be insufficient for subordinates to feel unfairly treated by the supervisor, the comparison of these economic exchanges with the social exchanges that high-LMX peers are endowed with is sufficient to warrant perceptions of unfair treatment (Folger, 1993; Folger & Martin, 1986; Henderson et al., 2009; Liden et al., 2006; Masterson et al., 2000; Scandura, 1999). Such feelings of being unfairly treated by the supervisor arouse frustrations in subordinates that motivate them to negatively reciprocate (Blau, 1964; Eisenberger et al., 2004; Gouldner, 1960; Perugini & Gallucci, 2001; Uhl-Bien & Maslyn, 2003). Selfish illegitimate acts such as exaggerating one's own successes, delegating problems to the supervisor, or illegally appropriating resources may be seen by subordinates as effective means through which they can reciprocate the unfair treatment and restore the balance in the relationship with the supervisor. Accordingly, we predict that low-quality LMX relationships elicit a need for subordinates to negatively reciprocate these relationships, which they can do by engaging in pro-self unethical behaviors.

Hypothesis 2a: *The perceived quality of the leader-member exchange relationship is negatively related to pro-self unethical behaviors.*

Hypothesis 2b: *The negative relationship between the perceived quality of the leader-member exchange relationship and pro-self unethical behaviors is mediated by negative reciprocity intentions.*

The Present Research

Taken together, we propose that the quality of their LMX relationship motivates subordinates to consider different types of unethical behaviors. First, we predict that the willingness of subordinates to engage in pro-supervisor unethical behaviors increases with their perceptions of the quality of their LMX relationship. We investigate this effect in Study 4.1 (field study, $N = 106$), in which we develop and validate a measurement instrument for pro-supervisor unethical behaviors. Using this measurement instrument, we investigate whether leader-member exchange, controlled for various other leadership characteristics, is positively related to pro-supervisor unethical intentions. Second, we expect that pro-supervisor unethical behaviors are distinct from pro-self unethical behaviors, and that the

willingness to engage in these behaviors is conditional upon perceptions of the quality of their LMX relationship. We investigate these effects in Study 4.2a, in which we empirically distinguished pro-supervisor from pro-self unethical behaviors (pilot study, *N* = 221) and assess whether high-quality LMX relationships elicit more pro-supervisor unethical intentions than low-quality LMX relationships, and whether low-quality LMX relationships elicit more pro-self unethical intentions than high-quality LMX relationships. We additionally expect that these differences are mediated by positive and negative reciprocity. We investigate these effects in Study 4.2b (experimental study, *N* = 164), in which we empirically assess whether high-quality LMX relationships elicit more pro-supervisor unethical intentions than low-quality LMX relationships because of a need to positively reciprocate and whether low-quality LMX relationships elicit more pro-self unethical intentions than high-quality LMX relationships because of a need to negatively reciprocate. Finally, we expect these effects to also hold amongst actual leaders and subordinates in an organization and for actual unethical behaviors rather than behavioral intentions. We investigate these effects in Study 4.3 (time-split field study, *N* = 180).

Study 4.1: LMX and Pro-supervisor Unethical Intentions

As a first test of our predictions, we conducted Study 4.1 – a field study – to investigate whether pro-supervisor unethical behaviors could be measured, and to investigate whether the perceived quality of their LMX relationship would lead subordinates to consider pro-supervisor unethical behaviors above and beyond leadership characteristics, such as the leader's demonstration of transformational, transactional, and ethical leadership. We include transformational (i.e., the extent to which leaders employ idealized influence, inspirational motivation, intellectual stimulation, and individualized consideration [social exchanges]) and transactional leadership (i.e., the extent to which leaders employ contingent reward behaviors) because of their substantial overlap with leader-member exchange (Avolio, Bass, & Jung, 1999). This allows us to isolate the social exchange component of LMX, which is what we argue influences pro-supervisor unethical behaviors (Graen & Uhl-Bien, 1995; Kuhnert & Lewis, 1987; Liden, Wayne, Zhao, & Henderson, 2008). We include ethical leadership (i.e., "the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making" [Brown, Treviño, & Harrison, 2005: 120]) as it has been shown to be an important predictor of subordinate's ethical behaviors and considerations (Treviño et al., 2014).

Methods

Sample. Data were gathered from employees from various different organizations in The Netherlands, including those in education, healthcare, government, and other services. An online survey was sent to 468 employees. A total of 106 usable responses (*M*age = 31.6, *SD*age = 11.42, 48% female) were returned (a response rate of 23%). The average tenure was 10.21 (*SD* = 9.35) years with the employees' organization, and 3.43 (*SD* = 3.83) years with the employees' supervisor.

Procedure. The survey was administered in Dutch. All measurement instruments were originally in English and were translated by means of a back translation procedure (Brislin, 1970). All items were rated on a 5-point scale (1 = *fully disagree*, 5 = *fully agree*).

LMX. We assessed LMX (α = .89) by having employees answer the 11-item instrument developed by Liden and Maslyn (1998). Example items include: "I like my supervisor very much as a person," "My supervisor would come to my defense if I were 'attacked' by others," and "I am willing to apply extra efforts, beyond those formally required to further the interests of my supervisor."

Table 4.1
Exploratory Factor Analysis (Study 4.1)

Item	Factor loading
If it would help my supervisor, I would misrepresent the truth to make my supervisor look good.	.82
If it would help my supervisor, I would exaggerate the truth about my supervisor's successes to others.	.88
If it would benefit my supervisor, I would withhold negative information about my supervisor to others.	.84
If my supervisor needed me to, I would make sure that problems for which he/she is responsible are delegated to others.	.75
If it would help my supervisor, I would postpone my work.	.70
If necessary, I would not publish information that could harm my supervisor.	.65
Eigenvalue	3.61
Percentage of variance explained	60.16%

Note. *N* = 106.

Table 4.2

Descriptive statistics and zero-order intercorrelations (Study 4.1)

Variable	M	SD	1	2	3	4	5	6	7	8	9	10
1. Gender	1.48	0.50	-									
2. Age	31.55	11.42	.03	-								
3. Tenure with organization	10.21	9.35	-.13	.55***	-							
4. Tenure with supervisor	3.43	3.83	-.14	.14	.36***	-						
5. Hours per week (contract)	33.39	8.17	-.48***	-.07	.02	.11	-					
6. Transformational leadership	3.47	0.68	-.03	-.10	-.07	.00	-.07	(.83)				
7. Transactional leadership	3.53	0.51	.16	.09	-.02	-.02	-.27**	.54***	(.89)			
8. Ethical leadership	3.54	0.46	.01	-.01	.00	-.09	-.26**	.49***	.68***	(.85)		
9. Leader-member exchange	3.53	0.54	.02	-.02	.01	.04	-.25**	.45***	.64***	.62***	(.87)	
10. Pro-supervisor unethical intentions	2.53	0.72	.05	-.11	-.19*	.10	.16	-.03	.03	.07	.30**	(.86)

Notes. N = 106. Gender is coded as 1 = male, 2 = female. Cronbach's Alphas between parentheses. * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

Pro-supervisor unethical intentions. We assessed pro-supervisor unethical intentions by six items based on Umphress and colleagues' (2010) instrument for unethical pro-organizational behaviors. An exploratory factor analysis (see Table 4.1) performed on these six items revealed one distinct factor that accounted for 60% of the variance. Furthermore, these items were sufficiently internally consistent (α = .86) to warrant them a single composite measure.

Control variables. We controlled for transformational, transactional, and ethical leadership to rule out alternative leadership explanations. Transformational and transactional leadership were measured by a 21-item measure developed by Podsakoff, MacKenzie, Moorman, and Fetter (1990), and ethical leadership was measured by a 10-item measure developed by Brown and colleagues (2005). Additionally, we controlled for gender, age, tenure with organization, tenure with supervisor, and hours worked per week as they have been shown to influence unethical behaviors (for a review, see: Erdogan & Liden, 2002).

Table 4.3
Unstandardized regression coefficients (Study 4.1)

Variable	Pro-supervisor unethical intentions		
	Model 1a	Model 1b	Model 1c
Constant	1.68** (0.52)	0.72 (0891)	-0.10 (0.84)
Gender	0.20 (0.16)	0.24 (0.16)	0.30* (0.15)
Age	0.00 (0.01)	0.00 (0.01)	0.00 (0.00)
Tenure organization	-0.02* (0.01)	-0.02* (0.01)	-0.02** (0.01)
Tenure supervisor	0.04† (0.02)	0.04* (0.02)	0.03† (0.02)
Hours per week (contract)	0.02† (0.01)	0.02* (0.01)	0.03** (0.01)
Transformational leadership		-0.14 (0.12)	-0.19† (0.11)
Transactional leadership		-0.03 (0.20)	-0.34† (0.19)
Ethical leadership		0.38† (0.21)	0.11 (0.20)
Leader-member exchange			0.76*** (0.16)
R^2	.11*	.14*	.31***

Notes. N = 106. Standard errors between parentheses. Gender is coded as 1 = male, 2 = female. † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

Results

Means, standard deviations, and intercorrelations of our measures are found in Table 4.2. We analyzed the data by regressing pro-supervisor unethical intentions on our control variables and LMX. Consistent with Hypothesis 1a, results (see Table 4.3) revealed that LMX had a positive relationship with pro-supervisor unethical intentions, $B = 0.76$, $p < .001$, above and beyond the control variables, $\Delta r^2 = .17$, $p < .001$.

Discussion

The results of Study 4.1 show that LMX is positively related to pro-supervisor unethical intentions, above and beyond crucial leadership styles such as transformational, transactional, and ethical leadership. This is important, because it gives evidence for the incremental predictive validity of LMX: these results suggest that subordinates are willing to engage in pro-supervisor unethical behaviors due to the social exchange mechanism that is inherent in the LMX relationship, and not due to other leadership behaviors. Hence, these results provide preliminary support for our theoretical premise that subordinates may consider unethical behaviors as a means of positive reciprocation in a social exchange relationship. Before being conclusive on this theoretical premise, however, several limitations of this study need to be addressed and resolved. First, we have limited ourselves to studying how high-quality LMX relationships can motivate (pro-supervisor) unethical behaviors. If LMX relationships truly motivate unethical behaviors, we should also study whether low-quality LMX relationships can motivate (pro-self) unethical behaviors. Second, although a social exchange dimension of contribution is included in high-quality LMX relationships (Liden & Maslyn, 1998), this dimension is distinct from reciprocity intentions (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003). Hence, to truly assess whether subordinates engage in unethical behaviors as a means to *reciprocate* their LMX relationships, we would need to explicitly measure these reciprocity intentions. We attempt to resolve these limitations by means of Studies 2a (i.e., the first limitation) and 2b (i.e., the second limitation), respectively.

Study 4.2a: LMX, Pro-supervisor, and Pro-self Unethical Intentions

We conducted Study 4.2a to investigate whether both low- and high-quality LMX relationships motivate unethical behaviors. More specifically, we conducted an experimental study to assess whether pro-supervisor unethical behaviors were distinct from pro-self

unethical behaviors, whether high-quality LMX relationships lead to more pro-supervisor unethical intentions than low-quality LMX relationships, and whether low-quality LMX relationships lead to more pro-self unethical intentions than high-quality LMX relationships.

Methods

Participants. One hundred and sixty United States residents (M_{age} = 29.74, SD_{age} = 9.95, 37% female) were recruited through Amazon's Mechanical Turk (Mturk). We told participants that we were investigating how personality characteristics influence the decisions that people make. They were provided with $0.50 for their participation.

Procedure. We randomly assigned participants to one of four experimental conditions in a 2 (LMX: high vs. low) x 2 (beneficiary: pro-supervisor unethical behavior vs. pro-self unethical behavior) between-subjects design, in which we asked participants how likely they would be to engage in the specified unethical behaviors. We provided participants with either a high-LMX or a low-LMX scenario (adapted from Bhal & Dadhich, 2011). The scenario was as follows (low LMX between brackets in *italic*):

> "You and your supervisor *(do not)* get along very well. You *(do not)* like your supervisor as a person very much, and you *(do not)* like working with your supervisor. The two of you just *(do not)* get along. You have the feeling that your supervisor does not only treat *(only treats)* you as an employee, but also *(and not)* as a unique person, and that you can *(not)* go to your supervisor with personal wishes and problems. Your relationship is based on mutual trust *(your formal work contract)*. Because your supervisor is *(not)* willing to do something extra for you, you are also *(not)* willing to do more than strictly necessary."

Unethical intentions. After the scenario, we asked participants to indicate the extent (1 = *fully disagree*, 7 = *fully agree*) to which they would either engage in pro-supervisor (α = .92) or pro-self (α = .80) unethical behaviors – depending on the assigned condition. To assess pro-supervisor unethical intentions, we used the same measurement instrument as in Study 4.1. To assess pro-self unethical intentions, we replaced all instances of 'my supervisor' with 'me' and 'myself'.

Prior to the present study, we piloted these items for divergent validity in a distinct sample of two hundred and twenty-one employed United States residents (M_{age} = 31.29,

SD_{age} = 9.85, 34% female) recruited through Mturk. These employed residents had worked with their current organization for 5.17 (*SD* = 5.05) years, with their current supervisor for 3.32 (*SD* = 2.99) years, worked an average of 38.33 (*SD* = 9.51) hours each week, and were excluded from participation in the other studies in this investigation. First, an exploratory factor analysis (see Table 4.4) revealed two distinct pro-supervisor and pro-self factors that together explained 66% of the variance. The items of these two factors were sufficiently internally consistent (α = .91 and α = 88, respectively) to warrant single composite measures. These composite measures were positively correlated with each other, $r(221) = .37$, $p < .001$. Second, confirmatory factor analyses with an uncorrelated latent methods factors (Podsakoff, MacKenzie, & Podsakoff, 2012) revealed that a 2-factor model (*RMSEA* = 0.08 [0.06 to 0.10], *CFI* = .96, *TLI* = .94) had a better fit than a 1-factor model (*RMSEA* = 0.15 [0.13 to 0.17], *CFI* = .87, *TLI* = .81), $\Delta\chi^2(1) = 151.81$, $p < .01$, which again suggests that pro-supervisor and pro-self unethical intentions are distinct constructs.

Table 4.4
Exploratory factor analysis (Study 4.2a)

Item	Factor loading	
	Factor 1	Factor 2
If it would help my supervisor, I would misrepresent the truth to make my supervisor look good.	.78	.11
If it would help my supervisor, I would exaggerate the truth about my supervisor's successes to others.	.81	.07
If it would benefit my supervisor, I would withhold negative information about my supervisor to others.	.88	.03
If my supervisor needed me to, I would make sure that problems for which he/she is responsible are delegated to others.	.79	-.07
If it would help my supervisor, I would postpone my work.	.89	-.04
If necessary, I would not publish information that could harm my supervisor.	.79	-.05
If it would help me, I would misrepresent the truth to make me look good.	.02	.83
If it would help me, I would exaggerate the truth about my successes to others.	.09	.82
If it would benefit me, I would withhold negative information about myself to others.	-.07	.86
If I needed myself to, I would make sure that problems for which I am responsible are delegated to others.	.00	.66
If it would help me, I would postpone my work.	.00	.86
If necessary, I would not publish information that could harm me.	-.01	.71
Eigenvalue	5.45	2.49
Percentage of variance explained	45.38%	20.78%

Notes. *N* = 221. Oblique rotation.

Manipulation check. After inquiring about their pro-supervisor or pro-self unethical intentions, we used Liden and Maslyn's (1998) 11-item measurement instrument to assess how (1 = *fully disagree*, 7 = *fully agree*) they perceived the quality of the relationship with the supervisor as described in the scenario (α = .99).

Control variables. Finally, we controlled for gender and age.

Results

Manipulation check. A 2 (LMX: low vs. high) x 2 (beneficiary: pro-self unethical behavior vs. pro-supervisor unethical behavior) ANOVA on the manipulation check for LMX revealed a significant main effect of LMX, $F(1, 156) = 390.44$, $p < .001$, $\eta^2 = .72$, no significant main effect of beneficiary, $F(1, 156) = 0.01$, $p > .10$, $\eta^2 = .00$, and no significant interaction effect of the two, $F(1, 156) = 0.34$, $p > .10$, $\eta^2 = .00$. Participants indicated a higher leader-member exchange in the high LMX condition ($M = 5.91$, $SD = 0.91$), than in the low LMX condition ($M = 2.31$, $SD = 1.34$), indicating that LMX was successfully manipulated.

Unethical intentions. A 2 (LMX: low vs. high) x 2 (beneficiary: pro-self unethical behavior vs. pro-supervisor unethical behavior) ANOVA on unethical behavior revealed a marginally significant main effect of LMX, $F(1, 156) = 3.76$, $p < 0.10$, $\eta^2 = .02$, no significant main effect of beneficiary, $F(1, 156) = 0.30$, $p > .10$, $\eta^2 = .00$, and a highly-significant interaction effect of the two, $F(1, 156) = 31.43$, $p < .001$, $\eta^2 = .17$. Additional contrast analyses revealed that, in line with Hypothesis 1a, pro-supervisor unethical intentions were higher when LMX was high ($M = 4.31$, $SD = 1.53$), rather than low ($M = 2.86$, $SD = 1.03$), $t(156) = 5.34$, $p < .001$. Furthermore, in line with Hypothesis 2a, pro-self unethical intentions were higher when LMX was low ($M = 4.04$, $SD = 1.17$), rather than high ($M = 3.34$, $SD = 1.06$), $t(156) = 2.59$, $p < .01$.

Discussion

The results of Study 4.2a demonstrate that both low- and high-quality LMX relationships can motivate unethical behaviors. More specifically, as a replication of Study 4.1, the results of Study 4.2a show that high-LMX relationships elicit more pro-supervisor unethical intentions than low-LMX relationships. Furthermore, Study 4.2a extends the findings of Study 4.1 by additionally showing that low-LMX relationships elicit more pro-self unethical

intentions than high-LMX relationships. The findings of Study 4.2a provide further confidence in our theoretical premise that subordinates can use different unethical behaviors to reciprocate their low or high-LMX relationships. What remains, however, is the question of whether reciprocity serves as the actual explanatory mechanism.

Study 4.2b: The Mediating Role of Positive and Negative Reciprocity

We conducted Study 4.2b to investigate whether LMX relationships motivate unethical behaviors due to a need to reciprocate. More specifically, we conducted an experimental study to assess whether high-LMX relationships elicited more pro-supervisor unethical intentions than low-LMX relationships *because* of a need to positively reciprocate, and whether low-LMX relationships elicited more pro-self unethical intentions than high-LMX relationships *because* of a need to negatively reciprocate.

Methods

Participants. One hundred and sixty-four United States residents (M_{age} = 31.82, SD_{age} = 11.05, 42% female) were recruited through Mturk. We told participants that we were investigating how personality characteristics influence the decisions that people make. Participants were provided with $0.50 for their participation.

Procedure and measures. The procedures, measures of pro-supervisor unethical intention (α = .87), pro-self unethical intention (α = .89), and LMX (α = .99), and the use of gender and age as control variables were identical to Study 4.2a, with the addition of measuring positive and negative reciprocity.

Positive and negative reciprocity. After the LMX manipulation, we used a shortened (cf. Caliendo et al., 2012; Egloff et al., 2013) and adapted version of Perugini et al.'s (2003) measurement instrument to assess the extent (1 = *fully disagree*, 7 = *fully agree*) to which participants had the intention to positively or negatively reciprocate the actions of their supervisor. Positive reciprocity (α = .87) was assessed by the following three items: "If my supervisor does me a favor, I am prepared to return it," "I go out of my way to help my supervisor who has been kind to me before," and "I am ready to undergo personal costs to help my supervisor who helped me before." Negative reciprocity (α = .85) was assessed by the following three items: "If my supervisor causes me to suffer a serious

wrong, I will take revenge as soon as possible, no matter what the cost," "If my supervisor puts me in a difficult position, I will do the same to my supervisor," and "If my supervisor offends me, I will offend my supervisor back."

Results

Manipulation check. A 2 (LMX: low vs. high) x 2 (beneficiary: pro-self unethical behavior vs. pro-supervisor unethical behavior) ANOVA on the manipulation check for LMX revealed a significant main effect of LMX, $F(1, 160) = 577.96$, $p < .001$, $\eta^2 = .78$, no significant main effect of beneficiary, $F(1, 160) = 0.93$, $p > .10$, $\eta^2 = .01$, and no significant interaction effect, $F(1, 160) = 1.57$, $p > .10$, $\eta^2 = .01$. Participants indicated a higher leader-member exchange in the high-LMX condition ($M = 5.93$, $SD = 0.81$), than in the low-LMX condition ($M = 2.10$, $SD = 1.20$), indicating that LMX was successfully manipulated.

Unethical intentions. A 2 (LMX: low vs. high) x 2 (beneficiary: pro-self unethical behavior vs. pro-supervisor unethical behavior) ANOVA on unethical behavior revealed no significant main effect of LMX, $F(1, 160) = 0.02$, $p > .10$, $\eta^2 = .00$, a highly-significant main effect of beneficiary, $F(1, 160) = 6.90$, $p < .01$, $\eta^2 = .04$, and a highly-significant interaction effect of the two, $F(1, 160) = 51.32$, $p < .001$, $\eta^2 = .24$. Additional contrast analyses revealed that, in line with Hypothesis 1a, pro-supervisor unethical intentions were higher when LMX was high ($M = 3.94$, $SD = 1.22$), rather than low ($M = 2.51$, $SD = 1.20$), $t(160) = 4.99$, $p < .001$. Furthermore, in line with Hypothesis 2a, pro-self unethical intentions were higher when LMX was low ($M = 4.50$, $SD = 1.30$), rather than high ($M = 3.01$, $SD = 1.46$), $t(160) = 5.14$, $p < .01$.

Mediation analysis. For our mediation analyses, we used Hayes' (2013) PROCESS macro for SPSS. First, the results (see Table 4.5) indicated that positive reciprocity intentions were higher for high LMX ($M = 5.65$, $SD = 0.98$), rather than low LMX ($M = 3.46$, $SD = 1.69$), $B = 1.10$, $p < .001$ (Model 1a). Furthermore, positive reciprocity intentions had a conditional relationship with unethical intentions that was moderated by beneficiary (Model 2, $B = -0.31$, $p < .001$), such that positive reciprocity intentions lead to more pro-supervisor unethical intentions than pro-self unethical intentions. The simple slopes revealed that positive reciprocity was positively related to pro-supervisor unethical intentions, $B = 0.33$, $p < .001$, and negatively related to pro-self unethical intentions, $B = -0.29$, $p < .01$. Finally,

in line with Hypothesis 1b, a mediation analysis revealed that positive reciprocity mediated the relationship between LMX and pro-supervisor unethical intentions (*bootstrapped indirect effect* = 0.37 [0.14 to 0.65], $p < .01$).

Table 4.5
Unstandardized regression coefficients and bootstrapped indirect effects (Study 4.2b)

Unstandardized Regression Coefficients			
Variable	Positive reciprocity	Negative reciprocity	Unethical intentions
	Model 1a	Model 1b	Model 2
Constant	4.24*** (0.42)	5.20*** (0.44)	3.69*** (0.66)
Gender	0.10 (0.22)	-0.56* (0.23)	-0.37† (0.21)
Age	0.01 (0.01)	-0.03** (0.01)	-0.01 (0.01)
Leader-member exchange	1.10*** (0.11)	-0.58*** (0.11)	0.10 (0.13)
Beneficiary			0.96* (0.43)
Positive reciprocity			0.02 (0.07)
Negative reciprocity			0.17* (0.07)
Positive reciprocity × Beneficiary			-0.31*** (0.06)
Negative reciprocity × Beneficiary			0.22** (0.07)
R^2	.39***	.21***	.32***
Bootstrapped Indirect Effects			
Leader-member exchange → Positive reciprocity → Pro-supervisor unethical intentions		0.37*** [0.14 to 0.65]	
Leader-member exchange → Negative reciprocity → Pro-self unethical intentions		-0.23*** [-0.41 to -0.10]	

Notes. $N = 164$. Gender is coded as 1 = male, 2 = female. Leader-member exchange is coded as -1 = low, 1 = high. Beneficiary is coded as -1 = pro-supervisor unethical intentions, 1 = pro-self unethical intentions. Standard errors between parentheses. 95% Confidence Intervals between brackets. Bootstrapped in 10,000 iterations. † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

Second, the results indicated that negative reciprocity intentions were higher for low LMX ($M = 3.86$, $SD = 1.58$), rather than high LMX ($M = 2.76$, $SD = 1.46$), $B = -0.58$, $p < .001$ (Model 1b). Furthermore, negative reciprocity had a conditional relationship with unethical intentions that was moderated by beneficiary (Model 2, $B = 0.22$, $p < .01$), such that negative reciprocity intentions lead to more pro-self unethical intentions than pro-supervisor unethical intentions. The simple slopes revealed that negative reciprocity was positively related to pro-self unethical intentions, $B = 0.40$, $p < .001$, and not related to

pro-supervisor unethical intentions, B = -0.05, p > .10. Finally, in line with Hypothesis 2b, a mediation analysis revealed that negative reciprocity mediated the relationship between LMX and pro-self unethical intentions (*bootstrapped indirect effect* = -0.23 [-.0.41 to -0.10], p < .01).

Discussion

Taken together, the results of Studies 2a and 2b provide us with some suggestive directions and understanding about the relationship between LMX and unethical behaviors. First, they show that high-quality LMX relationships elicit pro-supervisor unethical intentions, and that low-quality LMX relationships elicit pro-self unethical intentions. Second, the results show that these influences can be explained by positive and negative reciprocity, such that high-LMX relationships elicit pro-supervisor unethical intentions *because* of a need to positively reciprocate and that low-LMX relationships elicit pro-self unethical intentions *because* of a need to negatively reciprocate. Third, due to the experimental design of Study 4.2b specifically, the results show that LMX relationships elicit reciprocity intentions, thereby suggesting that the contribution dimension of LMX relationships (Liden & Maslyn, 1998) are distinct from reciprocity intentions (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003). All in all, then, the results of Studies 2a and 2b support our premise that, depending on the quality of the LMX relationships between subordinates and supervisors, subordinates engage in different types of unethical behaviors to either positively or negatively reciprocate these relationships.

Although Study 4.2b has its merits, it also has limitations that inhibit us from drawing too strong conclusions with respect to our premises and proposed relationships. First, although previous research has also manipulated LMX by means of scenarios (Bhal & Dadhich, 2011), actual LMX relationships develop over a longer period of time (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980), which is something that is difficult to replicate through manipulations. Hence, it would be more appropriate to assess our premises and proposed relationships in a context where the quality of the LMX relationship has been able to mature over time. Second, although Study 4.2b has provided us with better insight into the intricacies between LMX and reciprocity, it is still limited to their effects on unethical *intentions* rather than behaviors. Hence, to assess whether motives of positive and negative reciprocity lead to actual unethical *behaviors* rather than mere intentions, we would have to measure actual behaviors. We attempt to resolve these limitations by means of Study 4.3.

Study 4.3: Pro-Supervisor and Pro-Self Unethical Behaviors in an Employed Sample

We conducted Study 4.3 to investigate whether the findings of Study 4.2b could be replicated in a field setting with actual behaviors. More specifically, we conducted a time-lagged field study to assess whether perceptions of LMX (Time 1), through positive and negative reciprocity norms and pro-supervisor and pro-self unethical intentions (Time 2), predicted pro-supervisor and pro-self unethical behaviors (Time 3).

Sample and procedures. Data for Time 1 were gathered amongst 627 United States residents (M_{age} = 31.54, SD_{age} = 9.54, 35% female) whom were recruited through Mturk. These participants were invited to participate in an investigation on work behavior for which they would be provided with $0.75. We told participants that we were looking for employed adults with specific characteristics, and that if they met these characteristics, they would be invited for a follow-up investigation for which they would be provided with an additional $1.00, and another follow-up investigation for which they would be provided with an additional $1.50.

Our aim in this investigation was to recruit a sample of individuals who (1) currently held a job in an organization (2) for at least one year, (3) were paid to do this job, and (4) were currently in a subordinate position (i.e., they had a direct supervisor) (5) under a supervisor for at least one year. The participants who met these criteria (N = 467, M_{age} = 32.78, SD_{age} = 9.79, 35% female) were asked about their LMX.

Three weeks later, data for Time 2 were gathered amongst these 467 participants. A total of 264 participants (M_{age} = 34.31, SD_{age} = 10.64, 38% female) participated (a response rate of 57%). These participants were asked about their positive and negative reciprocity, and pro-supervisor and pro-self unethical intentions.

Four weeks later, data for Time 3 were gathered amongst these 264 participants. A total of 180 participants (M_{age} = 35.52, SD_{age} = 11.02, 43% female) participated (a response rate of 73%), which constituted the final employee sample. The subordinates in this employee sample had an average tenure of 6.59 years (SD = 3.89) in their organization, 4.90 years (SD = 3.09) under their supervisor, and worked an average of 38.25 (SD = 6.23) hours each week. These participants were asked about their pro-supervisor and pro-self unethical behaviors.

LMX. LMX (α = .96) was assessed in the first time period by means of Liden and Maslyn's (1998) 11-item measurement instrument. Participants could indicate their agreement with the statements on a 7-point scale (1 = *fully disagree*, 7 = *fully agree*)

Positive and negative reciprocity. Positive (α = .97) and negative (α = .92) reciprocity were assessed in the second time period by means of a shortened (cf. Caliendo et al., 2012; Egloff et al., 2013) and adapted version of Perugini et al.'s (2003) measurement instrument. Participants could indicate their agreement with the statements on a 7-point scale (1 = *fully disagree*, 7 = *fully agree*).

Pro-supervisor and pro-self unethical intentions. Pro-supervisor (α = .88) and pro-self (α = .88) unethical intentions were assessed in the second time period by the measures we developed and presented in Studies 4.1 and 4.2a. Participants could indicate their agreement to the statements on a 7-point scale (1 = *fully disagree*, 7 = *fully agree*)

Pro-supervisor and pro-self unethical behaviors. Pro-supervisor (α = .93) and pro-self (α = .91) unethical intentions were assessed in the third time period by the measures we developed and presented in Studies 4.1 and 4.2a. We asked participants to indicate how often (1 = *very infrequently*, 7 = *very frequently*) they had engaged in the behaviors over the past six months. Due to the insidious and sometimes even illegal nature of unethical behaviors, and the fact that subordinates are unlikely to demonstrate these behaviors in the presence of others (Treviño & Brown, 2005), it is very difficult for supervisors to accurately assess how frequently their subordinates have engaged in unethical behaviors (cf. Janssen, 2000). Hence, we chose to rely on self-rating of unethical behaviors, rather than supervisor-ratings. Although this implies that the measurement of all variables in this study were derived from the same source, we have attempted to isolate this potential common method bias by including an uncorrelated common method factor, as we will explain in the next section.

Control variables. We controlled for gender, age, tenure with organization, and tenure with supervisor.

Convergent and divergent validity. We used Mplus 7.3 (Muthén & Muthén, 1998-2012) to assess the convergent and divergent validities for the suggested measurement model,

and to compare this with various alternative measurement models (see Table 4.6). We first estimated a measurement model in which all items loaded freely on their focal and designated construct without any cross-loadings, in which the variance of the focal constructs was fixed to 1.0, in which all focal constructs correlated freely, and in which an uncorrelated common method factor was included to control for common method variance (Podsakoff et al., 2012). This measurement model (Baseline Model) provided an acceptable fit to the data ($\chi^2[717] = 1592.61$, *RMSEA* = .08 [.08 to .09], *CFI* = .87, *TLI* = .85). As shown in Table 4.6, this baseline model was superior to all alternative measurement models that we estimated, thereby indicating that common method variance should be controlled for (Model 1), that LMX, positive reciprocity, and negative reciprocity are distinct empirical constructs (Models 2-5), and that pro-supervisor and pro-self unethical intentions and behaviors are distinct empirical constructs, as well (Models 6-8).

Table 4.6

Confirmatory factor analyses (Study 4.3)

Factor structure	χ^2	df	RMSEA (90% CI)	CFI	TLI	$\Delta\chi^2$ (Δdf)
Baseline Model	1592.61	717	.08 [.08 - .09)	.87	.85	
Model 1	1878.28	758	.09 (.09 - .10)	.83	.81	285.67(41)***
Model 2	1684.26	718	.09 (.08 - .09)	.85	.83	91.65(1)***
Model 3	1731.25	718	.09 (.08 - .09)	.84	.82	138.64(1)***
Model 4	1790.21	718	.09 (.09 - .10)	.84	.81	197.6(1)***
Model 5	1926.30	720	.10 (.09 - .10)	.81	.79	333.69(3)***
Model 6	1765.08	718	.09 (.09 - .10)	.84	.82	172.47(1)***
Model 7	1785.94	723	.09 (.09 - .10)	.84	.82	193.34(6)***
Model 8	2179.59	723	.11 (.10 - .11)	.78	.75	586.98(6)***

Notes. $\Delta\chi^2$ and Δdf refer to the differences between the model in the designated row and the Baseline Model. Changes relative to baseline model: Model 1: Baseline Model without common method factor; Model 2: positive and negative reciprocity on one factor; Model 3: LMX and positive reciprocity on one factor; Model 4: LMX and negative reciprocity on one factor; Model 5: LMX and positive and negative reciprocity on one factor; Model 6: pro-supervisor and pro-self unethical intentions on one factor; Model 7: pro-supervisor and pro-self unethical behaviors on one factor; Model 8: pro-supervisor and pro-self unethical intentions and behaviors on one factor. *** $p \leq .001$.

Results

Means, standard deviations, and zero-order intercorrelations of our measures are found in Table 4.7. We analyzed the data by regressing pro-supervisor unethical intentions on our control variables and predictor variable.

Table 4.7

Descriptive statistics and zero-order intercorrelations (Study 4.3)

Variable	M	SD	1	2	3	4	5	6	7	8	9	10	11	12
1. Gender	1.43	0.50	-											
2. Age	35.52	11.02	.11	-										
3. Tenure with organization	6.59	3.89	-.04	.40***	-									
4. Tenure with supervisor	4.90	3.09	-.04	.27***	.69***	-								
5. Hours per week (contract)	38.25	6.23	-.22***	.03	.19*	.14†	-							
6. Leader-member exchange	5.20	1.32	-.01	.05	.09	.14†	.04	(.96)						
7. Positive reciprocity	5.34	1.19	.05	.12†	.13†	.13†	.03	.66***	(.97)					
8. Negative reciprocity	2.35	1.25	-.02	-.20**	-.06	-.04	.05	-.37***	-.28***	(.92)				
9. Pro-supervisor unethical intentions	3.99	1.32	-.04	-.10	-.01	.03	.02	.41***	.41***	.08	(.88)			
10. Pro-self unethical intentions	4.08	1.39	-.07	-.20**	-.13†	-.04	.01	.10	.12†	.18*	.68***	(.88)		
11. Pro-supervisor unethical behaviors	1.84	1.22	-.04	-.16*	-.08	-.10	.06	-.02	-.01	.19*	.31***	.34***	(.93)	
12. Pro-self unethical behaviors	2.03	1.22	-.02	-.19*	-.12†	-.11	.07	-.13†	-.12	.24***	.25***	.42***	.66***	(.91)

Notes. N = 180. Gender is coded as 1 = male, 2 = female. Cronbach's Alphas between parentheses. † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

Structural model and hypotheses testing. To assess our hypotheses, we estimated a structural model (see Table 4.8) in which we regressed positive (Model 1a) and negative reciprocity (Model 1b) on LMX and the control variables, regressed pro-supervisor (Model 2a) and pro-self unethical behaviors (Model 2b) on positive and negative reciprocity, LMX, and the control variables, regressed pro-supervisor unethical behaviors (Model 3a) on pro-supervisor unethical intentions, positive and negative reciprocity, LMX, and the control variables, and regressed pro-self unethical behaviors (Model 3b) on pro-self unethical intentions, positive and negative reciprocity, LMX, and the control variables. All sets of outcome variables (i.e., positive reciprocity and negative reciprocity, pro-supervisor unethical intentions and pro-self unethical intentions, and pro-supervisor unethical behaviors and pro-self unethical behaviors) were allowed to covary within their respective set. As a test of the indirect effects, we bootstrapped the paths as derived from this structural model. We additionally tested a model in which Models 3a and 3b were combined, such that pro-supervisor and pro-self unethical behaviors were regressed on all variables, including both pro-supervisor and pro-self unethical intentions. Given that the paths of pro-supervisor unethical intentions on pro-self unethical behaviors (B = 0.02, p > .10) and pro-self unethical intentions on pro-supervisor unethical behaviors (B = 0.18, p > .10) were not significant, however, we decided not to include these in the model.

LMX and pro-supervisor unethical behaviors. First, results indicated that LMX was positively related to positive reciprocity, B = 1.04, p < .001, that positive reciprocity was positively related to pro-supervisor unethical intentions, B = 0.29, p < .01, and that pro-supervisor unethical intentions were positively related to pro-supervisor unethical behaviors, B = .35, p < .001. Furthermore, in line with Hypothesis 1b, there was a significant indirect effect between LMX and pro-supervisor unethical behaviors, as mediated by positive reciprocity and pro-supervisor unethical intentions, *bootstrapped indirect effect* = 0.11, p < .05.

Table 4.8

Unstandardized bootstrapped regression coefficients and indirect effects (Study 4.3)

Unstandardized Bootstrapped Regression Coefficients						
Variable	Positive reciprocity	Negative reciprocity	Pro-supervisor unethical intentions	Pro-self unethical intentions	Pro-supervisor unethical behaviors	Pro-self unethical behaviors
	Model 1b	Model 1a	Model 2a	Model 2b	Model 3a	Model 3b
Gender	0.18 (0.19)	0.06 (0.18)	-0.15 (0.20)	-0.17 (0.18)	0.10 (0.19)	0.07 (0.19)
Age	0.01 (0.01)	-0.02** (0.01)	-0.01 (0.01)	-0.02† (0.01)	-0.01 (0.01)	-0.00 (0.01)
Tenure organization	0.02 (0.03)	0.01 (0.03)	-0.01 (0.04)	-0.04 (0.03)	0.02 (0.03)	0.01 (0.03)
Tenure supervisor	0.00 (0.03)	0.01 (0.04)	-0.01 (0.04)	0.02 (0.05)	-0.04 (0.03)	-0.05 (0.03)
Hours per week (contract)	0.00 (0.01)	0.01 (0.01)	-0.01 (0.01)	-0.00 (0.01)	0.01 (0.01)	0.01 (0.01)
Leader-member exchange	1.04*** (0.32)	-0.41** (0.16)	0.37* (0.18)	0.06 (0.14)	-0.07 (0.14)	-0.04 (0.14)
Positive reciprocity			0.29** (0.10)	0.18† (0.10)	-0.06 (0.10)	-0.09 (0.10)
Negative reciprocity			0.35*** (0.10)	0.25* (0.10)	0.02 (0.11)	0.05 (0.11)
Pro-supervisor unethical behaviors					0.35*** (0.10)	
Pro-self unethical intentions						0.44*** (0.13)
R^2	.53***	.18***	.34***	.16***	.16***	.21***
Bootstrapped Indirect Effects						
LMX → Positive reciprocity → Pro-supervisor unethical intentions → Pro-supervisor unethical behaviors					0.11* [0.03 to 0.26]	
LMX → Negative reciprocity → Pro-self unethical intentions → Pro-self unethical behaviors					-0.04* [-0.13 to -0.00]	

Notes. N = 180. Gender is coded as 1 = male, 2 = female. Standard errors between parentheses. 95% Confidence Intervals between brackets. † $p \leq .10$, * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$.

LMX and pro-self unethical behaviors. First, results indicated that LMX was negatively related to negative reciprocity, B = -0.41, p < .01, that negative reciprocity was positively related to pro-self unethical intentions, B = 0.25, p < .05, and that pro-self unethical intentions were positively related to pro-self unethical behaviors, B = .44, p < .001. Furthermore, in line with Hypothesis 2b, there was a significant indirect effect between LMX and pro-self unethical behaviors, as mediated by negative reciprocity and pro-self unethical intentions, *bootstrapped indirect effect* = -0.04, p < .05.

Discussion

The results of Study 4.3 provide further support for the inferences from Studies 4.1-4.2b that the quality of LMX relationships can motivate unethical behaviors amongst subordinates as a means to reciprocate these LMX relationships. Extending beyond these studies, however, Study 4.3 demonstrates that these effects hold for subordinates who have an actual LMX relationship. Furthermore, Study 4.3 demonstrates that the effects not only hold for intentions, as Studies 4.1-4.2b demonstrate, but also for actual behaviors. In addition to the expected findings, we found an unexpected effect (see Table 4.8) of negative reciprocity on pro-supervisor unethical intentions, B = 0.35, p < .001, which implies that low-quality LMX subordinates can also be motivated to engage in pro-supervisor unethical behaviors because of a need to negatively reciprocate. We discuss these findings, amongst others, in the general discussion of this chapter.

General Discussion

Previous research has shown that the perceived quality of their LMX relationship leads subordinates to positively or negatively reciprocate (Keller & Dansereau, 1995; Liden et al., 1997; Settoon et al., 1996; Wayne & Green, 1993; Wayne et al., 1997). Other research has suggested that subordinates can positively and negatively reciprocate these relationships by engaging in unethical behaviors (cf. Miao et al., 2013; Thau et al., 2015; Umphress et al., 2010). In the current investigation, we aimed to extend the existing research by identifying whether, why, and how subordinates consider unethical behaviors that either serve the supervisor or the self. Across several studies, we identified the conditions and mechanisms under which LMX relates to unethical behaviors. First, within a working sample, we found that LMX was positively related to the willingness of subordinates to engage in unethical behaviors that served the interests of the supervisor (Study 4.1). Second, within an experimental setting, we replicated this finding by demonstrating that

high-quality LMX relationships elicit more pro-supervisor unethical intentions than low-quality LMX relationships, and additionally demonstrated that low-quality LMX relationships elicited more pro-self unethical intentions than high-quality LMX relationships (Study 4.2a). Third, we found that these effects of LMX relationships on pro-supervisor and pro-self unethical intentions could be explained by a willingness to either positively or negatively reciprocate the LMX relationship (Study 4.2b), such that high-quality LMX relationships resulted in pro-supervisor unethical intentions because of a need to positively reciprocate, and low-quality LMX relationships resulted in pro-self unethical intentions because of a need to negatively reciprocate. Finally, we replicated these findings in a working sample using a time-split design and extended upon these findings by showing that the effects of LMX were not limited to unethical behavioral intentions but also extended to actual behaviors (Study 4.3).

Theoretical Implications

Our theoretical and empirical findings have implications for various streams of literature, particularly for those on LMX theory (Keller & Dansereau, 1995; Liden et al., 1997; Settoon et al., 1996; Wayne & Green, 1993; Wayne et al., 1997) and social exchange theory (Blau, 1964; Gouldner, 1960). Specific to LMX theory, our findings demonstrate that relational ties may motivate undesirable and harmful behaviors, such that both low- and high-quality LMX relationships motivate subordinates to engage in unethical behaviors. These findings imply that high-LMX relationships do not only motivate desirable and harmful behaviors (e.g., Harris et al., 2005; Rupp & Cropanzano, 2002; Wayne et al., 1997), but that they can also motivate undesirable and harmful pro-supervisor unethical behaviors. This furthermore implies that undesirable and harmful behaviors are not only limited to low-quality LMX relationships (e.g., El Akremi et al., 2010; Liu et al., 2013), but can be motivated by LMX relationships of all qualities. Moving beyond these LMX-specific findings, our results also have implications for social exchange theory in general. Earlier research has shown that individuals can engage in unethical behaviors for the sake of benefitting others (e.g., Effelsberg et al., 2014; Gino & Pierce, 2009; Miao et al., 2013; Thau et al., 2015; Umphress et al., 2010). In line with this earlier research, our findings suggest that individuals can engage in unethical behaviors for the sake of benefiting or harming anyone whom they can form relational ties and engage in social exchange.

In addition to demonstrating that relational ties motivate unethical behaviors amongst individuals, our findings demonstrate that reciprocity norms serve as the main

motive for these behaviors. Research on LMX theory (Sparrowe & Liden, 1997; Uhl-Bien & Maslyn, 2003) and social exchange theory (Blau, 1964; Gouldner et al. 1960) has come a long way to establish that relational ties amongst dyads can invoke norms of positive and negative reciprocity. When the relational tie is positive, for instance in case of high-quality LMX relationships, individuals will experience a norm of positive reciprocity that obligates these individuals to engage in behaviors that are desirable and beneficial to the other party. In contrast, when the relational tie is negative, for instance in case of low-quality LMX relationships, individuals will experience a norm of negative reciprocity that obligates these individuals to engage in behaviors that are undesirable and harmful to the other party. Our findings corroborate these notions by showing that the quality of LMX relationships is positively associate with positive reciprocity norms and negatively associated with negative reciprocity norms. Furthermore, our findings indicate that specific norms of reciprocity elicit specific types of unethical behaviors that either benefit or harm the other party. These findings imply that individuals can use unethical behaviors to satisfy both their positive and negative reciprocity obligations.

A final overarching implication concerns the motives that individuals have to engage in unethical behaviors, and how these motives shape the functionality of unethical behaviors. Earlier research has moved beyond the traditional perspective that individuals only engage in unethical behaviors for their own opportunistic sakes (e.g., Brief et al., 2001; Gino et al., 2011) by showing that unethical behaviors can also be *used* to benefit others (e.g., Effelsberg et al., 2014; Gino & Pierce, 2009; Miao et al., 2013; Thau et al., 2015; Umphress et al., 2010). Throughout our studies, we have contrasted both perspectives and have demonstrated that individuals will engage in both pro-other and pro-self unethical behaviors, depending on the motives that they have. This implies that unethical behaviors can have several functionalities, of which we have studied two: the ability to benefit or harm not only the self, but also any other party with which individuals have formed relational ties.

Practical Implications

Our findings have serious implications for LMX theory as applied in practice. Given its copious beneficial effects (e.g., Dulebohn et al., 2012; Ilies et al., 2007; Martin et al., 2015), differentiating amongst employees has become common managerial practice (Henderson et al., 2009; Kauppila, 2015; Michaels et al., 2001). While we do not dispute that LMX relationships can be extremely useful and beneficial to management, our findings

do suggest that LMX relationships may also have some qualities that limit their usefulness. Provided that both low- and high-quality LMX relationships motivate unethical behaviors, albeit for different reasons, managers are effectively motivating their subordinates to engage unethical behaviors through the LMX relationships that they establish. This Catch-22, where the beneficial effects of a management tool are associated with various harmful effects, is not unique to LMX theory (e.g., goal-setting theory; Schweitzer et al., 2004). Fortunately, however, there are various potential remedies that allow managers to keep the beneficial effects of such management tools while at the same time casting out the harmful effects (Ordóñez et al., 2009).

In light of the relationships that we have assessed in our investigation, we have two suggestions for managers to alleviate the harmful effects of LMX relationships. Our first suggestion is for managers to reduce the negative reciprocity intentions that low-quality LMX relationships engender. Although such a reduction is unlikely to reduce pro-supervisor unethical behaviors, it will at least reduce pro-self unethical behaviors and may potentially reduce deviant and counterproductive work behaviors. In line with our earlier argumentation, managers have two potential ways of reducing such negative reciprocity. On the one hand, managers can reduce the LMX differentiation amongst their subordinates (Henderson et al., 2009) – that is, they can decrease the range between the lowest and highest quality LMX relationships that they have with each of their subordinates. While the most ideal solution to do so might be for supervisors to increase the quality of the LMX relationships with all of their subordinates, the limited resources of supervisors do not allow this (Graen & Cashman, 1975; Graen & Scandura, 1987; Liden & Graen, 1980). Hence, supervisors would need to reduce the LMX differentiation by reducing the quality of high-quality LMX relationships, and by increasing the quality of low-LMX relationships. Although such a reduction may lead low-quality LMX subordinates to feel less deprived, thereby reducing their negative reciprocity intentions, it may also leave high-quality LMX subordinates to feel less endowed, thereby reducing their positive reciprocity intentions, and thereby effectively negating all positive effects of differentiating amongst subordinates. On the other hand, managers can directly reduce the feelings of deprivation by emphasizing that the outcomes, procedures, and treatment provided to their subordinates is just (Bhal & Dadhich, 2011; El Akremi et al., 2010; Masterson et al., 2002). Such an approach would reduce negative reciprocity intentions, while at the same time maintaining positive reciprocity intentions.

Although a reduction of negative reciprocity may be useful to some extent, it does not solve the issue of pro-supervisor unethical behaviors. It may be more appropriate to reduce both pro-supervisor and pro-self unethical behaviors simultaneously, potentially by emphasizing moral awareness (Jordan, 2009; Reynolds, 2006) through ethical leadership (Brown & Mitchell, 2010), or by increasing the likelihood and severity of being punished for engaging in unethical conduct (Becker, 1968). First, if managers are able to create a moral awareness amongst their subordinates, they can reduce their unethical behavioral intentions (Barsky, 2008; Reynolds, 2006). Managers can potentially do so by creating an ethical climate through emphasizing ends rather than means (Brief et al., 2001; Ashforth & Anand, 2003), or by employing an ethical leadership style that demotivates unethical conduct (Brown & Mitchell, 2010; Treviño et al., 2014). Second, if managers are unable to reduce unethical behaviors through moral awareness, they can attempt to reduce it by increasing the likelihood and severity of punishment. Individuals typically engage in unethical behaviors when the costs associated with such behaviors are lower than their benefits (Becker, 1968). When these costs are heightened through an increased likelihood and severity of punishment, then, subordinates would be less likely to entertain both pro-supervisor and pro-self unethical behavioral intentions. In conclusion, then, managers have various degrees of freedom to effectively maintain the positive effects of LMX relationships while casting out the negative effects.

Limitations and Future Research Directions

Despite its strengths, our investigation has several theoretical and empirical limitations. Our first limitation lies with the severity of the pro-supervisor and pro-self unethical behaviors that we have studied. The behaviors that we have studied revolve around various types of dishonesty: lying, exaggerating, withholding information, and not performing one's work duties. While these behaviors are generally considered to be acceptable proxies for unethical behaviors (e.g., Gino & Pierce, 2009; Mead et al., 2009; Winterich et al., 2014), they can be interpreted as relatively minor offences relative to fraud, stealing, or even killing. Following from the assumption that individuals become more likely to engage in unethical behaviors when the likelihood and severity of punishment decreases (Becker, 1968), it could well be that subordinates are less likely to engage in more severe unethical behaviors.

A second, related limitation is the fact that our operationalization of unethical behaviors can be interpreted as partially representing influence tactics for impression

management (cf. Wayne & Ferris, 1990). While this does not weaken our claim that we have studied unethical behaviors, it does raise the issue of whether subordinates engage in pro-supervisor and pro-self unethical behaviors merely for their immediate need to positively or negatively reciprocate their LMX relationship, or whether they have an ulterior motive for their conduct. Research on organizational citizenship behaviors, for instance, has found that individuals do not only engage in extra-role behaviors to reciprocate benefits for others (i.e., paying back), but also as a means to make others reciprocate at a later point in time (i.e., paying forward) (Korsgaard, Meglino, Lester, & Jeong, 2010). In light of this paying-forward perspective, the unexpected finding in Study 4.3 that negative reciprocity is positively related to pro-supervisor unethical intentions could be interpreted as a way for subordinates to establish positive reciprocal exchanges with their supervisor so as to increase the quality of their LMX relationship. This would imply that both pro-self and pro-supervisor unethical behaviors not only have the ability to restore balance to current reciprocity norms (e.g., El Akremi et al., 2010), but also have the potential of establishing such reciprocity norms.

A third limitation lies with our theoretical assumption that low-quality LMX relationships elicit negative reciprocity because these relationships are limited to economic exchanges. Our main argument for this assumption is that subordinates who perceive that they have a low-quality LMX relationship will feel deprived of the social exchanges that their peers are likely to enjoy (Folger, 1993; Folger & Martin, 1986; Henderson et al., 2009; Masterson et al., 2000). While there is ample evidence for this argument (Henderson et al., 2009), it could well be that subordinates have no need to establish social exchanges with their supervisors, and are perfectly comfortable with relationships solely based on economic exchanges. In such cases, subordinates would not feel deprived, will not feel their economic exchange as a slight, and will have no need to engage in pro-self unethical behaviors as a means of negative reciprocation. Hence, the preference of favoring a simple contract-based economic exchange relationship or wanting a higher quality relationship could serve as an important moderator of the effects that we have explored throughout our studies.

A fourth limitation lies with the fact that we have solely considered pro-supervisor unethical behaviors as a means of positive reciprocity. Research has established that subordinates, particularly those with high-quality LMX relationship, engage in various desirable and beneficial behaviors to positively reciprocate the LMX relationship with their supervisor (Dulebohn et al., 2012; Ilies et al., 2007; Martin et al., 2015). An important

question to consider is whether pro-supervisor unethical behaviors would serve as an *alternative* or an *additive* means of positive reciprocity: the harmful effects of LMX are far more pronounced when pro-supervisor unethical behaviors serve as an alternative rather than an additive. Future research could investigate whether pro-supervisor unethical behaviors, or pro-self unethical behaviors for that matter, serve as an alternative or an additive to other modes of reciprocity, and could also investigate what factors are involved for subordinates to choose for unethical behaviors when they are considered an alternative.

A fifth limitation lies with the fact that we have limited ourselves to unethical behaviors within the context of LMX theory. First, LMX is a relational construct that revolves around social exchanges between subordinates and supervisors (Graen & Cashman, 1975; Graen & Scandura, 1987; Liden & Graen, 1980). Our investigation has established that the reciprocity intentions elicited through these exchanges then drive subordinates to engage in pro-self or pro-supervisor unethical behaviors. This social exchange perspective (Blau, 1964; Gouldner, 1960) is not limited to LMX theory, however, and it could well be that other types of social exchange relationships elicit similar effects (cf. Effelsberg et al., 2014; Gino & Pierce, 2009; Miao et al., 2013; Thau et al., 2015; Umphress et al., 2010) – subordinates could potentially be motivated to engage in unethical behaviors that benefit their peers or subordinates, for instance. Second, LMX is only one of many leadership theories and constructs (Yukl, 2010). Although we have isolated the social exchange effect of LMX as the main predictor for pro-supervisor unethical behaviors (i.e., Study 4.1), leaders can influence their subordinate's behaviors through various other means, both knowingly and unknowingly. Future research could investigate whether leaders intentionally or unintentionally motivate pro-supervisor and pro-self unethical behaviors amongst their subordinates through alternative means than their LMX relationship.

Finally, there are some final limitations with regards to the data gathered for our studies. First, we have used both worker and non-worker samples across Dutch and US populations, which may not be representative of a global worker population. Second, we have made use of self-reports for our LMX, unethical intentions, and unethical behaviors measures across all four studies. While this constitutes single-source data, we employed this design for two reasons. First, a subordinate's unethical intentions are a cognitive representation that supervisors are unable to tap into (cf. Janssen, 2000). Second, unethical acts violate important norms, and can, in some cases, even be illegal. This means that subordinates are unlikely to reveal their unethical acts to others (Treviño & Brown, 2005), meaning that it is very difficult for supervisors to assess the unethical intentions and

behaviors of their subordinates (cf. Janssen, 2000). Hence, self-reports are one of the most practical methods of actually gauging an individual's unethical intentions and behaviors. Although we have tried to alleviate the single-source concern by extracting the common method variance from the data in Study 4.4 (cf. Podsakoff et al., 2012), a potential for common source bias to inflate the relationships as demonstrated in our investigation may still exist.

Conclusion

Differentiating amongst the LMX relationships of subordinates has become a popular relation-management tool to elicit desirable and beneficial behaviors from subordinates. Although they elicit copious desirable and beneficial ethical behaviors, LMX relationships also have the potential to elicit undesirable and harmful unethical behaviors. Subordinates either engage in these unethical behaviors to benefit their supervisor (i.e., pro-supervisor unethical behaviors) or themselves (i.e., pro-self unethical behaviors). Regardless of their quality, therefore, LMX relationships motivate unethical behaviors amongst subordinates. The only influence that the quality has, then, is whom these unethical behaviors are intended to benefit. In light of both its beneficial and harmful effects, theorists and practitioners should be wary of the effects of differentiating amongst their employees in terms of their LMX relationships: the dark side of relational leadership.

CHAPTER 5: GENERAL DISCUSSION

Chapter 5: General Discussion

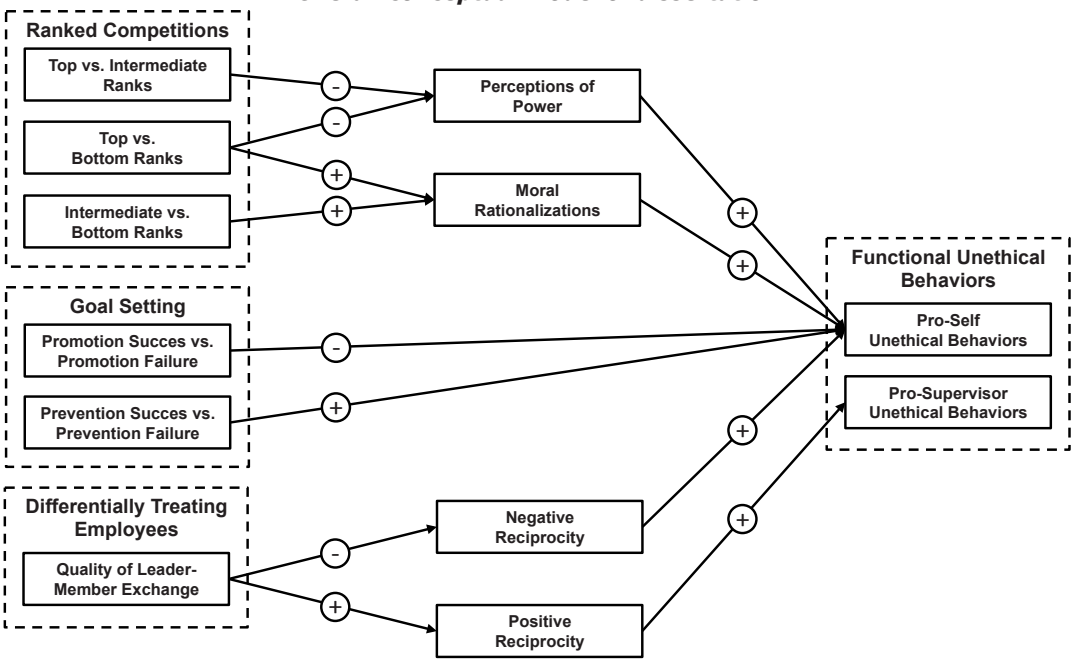
Management tools are widely used for a wide variety of purposes (Berger & Berger, 2008; Gerhart & Rynes, 2003). While there is a great abundance of different management tools (e.g., Berger & Berger, 2008; Coombs & Hull, 1998; Gerhart & Rynes, 2003; Huselid, 1995; Lam et al., 2015; Ng & Lucianetti, 2015), in this dissertation we have limited ourselves to management tools that are focused on setting standards and goals to enhance the performance of individual employees. These management tools include ranked competitions (Garcia et al., 2006), goal setting (Locke & Latham, 1990, 2004, 2006), and differentially treating employees (e.g., Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Settoon et al., 1996). Although a great deal of research has been conducted on the positive effects that these management tools may have, research on their darker unintended consequences is relatively scarce. Hence, the main purpose of this dissertation was to shed light on this dark side by examining whether management tools have the potential of motivating unethical behaviors.

Throughout this dissertation, we have addressed some general premises of management tools (Chapter 1), and specific premises of ranked competitions (Chapter 2), goal setting (Chapter 3), and differentially treating employees (Chapter 4). In this concluding chapter, we will first discuss these specific premises by reflecting upon the theoretical assumptions and empirical findings that we have accrued in Chapters 2 through 4. After we have done so, we will interpret the empirical findings in light of our general premises about management tools that we have established in Chapter 1. Finally, we will reflect upon the most important limitations and the most interesting directions for future research.

Overview of Main Findings

In this section, we will cover the theoretical assumptions and empirical findings of Chapters 2 through 4 on ranked competitions (Chapter 2), goal setting (Chapter 3), and differently treating employees (Chapter 4). The relationships that are associated with these theoretical assumptions and empirical findings are graphically summarized in Figure 5.1.

Figure 5.1
Overall conceptual model of dissertation



Ranked competitions. Ranked competitions (i.e., rankings) involve lists in which all participating competitors are ordered based on their performance on valued, ability-laden dimensions. Rankings are widely used as management tools because of their ability to elicit a great deal of motivation amongst employees (e.g., see Chen et al., 2011; Garcia & Tor, 2007; Garcia et al., 2006, 2010; Pettit et al., 2013; Poortvliet, 2012; Poortvliet et al., 2009). On the one hand, rankings enhance motivation by allowing competitors to compare their performance to that of their commensurate rivals (cf. social comparison theory; Festinger, 1954). Given that competitors are unwilling to be outcompeted by others, these comparisons motivate competitors to increase their effort and performance. On the other hand, rankings enhance motivation through the various "obvious, basic, and ubiquitous standard[s]" (Garcia et al., 2006: 271) that they imply, such as the top (i.e., being in first place) and bottom (i.e., being in last place) of the ranking. Rankings therefore allow competitors to assess how proximal they are to such ranks, and how important such ranks are to attain or avoid. This assessment elicits a unidirectional drive upward that increases with the proximity to these ranks (Garcia et al., 2006). Hence, the closer competitors are to attaining a certain rank, the likelier they are to increase their effort and performance.

Despite their copious benefits, however, rankings are suggested to have various insidious side effects that may limit their usefulness. Competition, for instance, has been shown to elicit various aggressive and harmful behaviors (Franken & Brown, 1995; Malhotra, 2010; Poortvliet, 2012). Furthermore, the need to meet specific standards or goals has been shown to elicit unethical behaviors as a means to attain these specific standards or goals (Gino & Margolis, 2011; Ordóñez et al., 2009; Schweitzer et al., 2004). Given the motivational bases of rankings, namely competition through social comparisons and a unidirectional drive upward through ranking standards, it is likely that rankings may motivate unethical behaviors, as well.

In Chapter 2 of this dissertation, we empirically investigated whether rankings have the potential to motivate unethical behaviors. More specifically, across five studies, we investigated whether unethical behaviors amongst competitors would increase with the proximity to ranking standards and the importance of ranking standards. First, in Studies 2.1a and 2.1b we tested the hypothesis that unethical intentions would increase with the *proximity* to ranking standards – that is, that competitors would be more willing to engage in unethical intentions when they were closer to first place (i.e., the top rank). The result of Study 2.1a indicated that top ranks (i.e., competing to attain first rather than second place) elicited more unethical intentions than intermediate or bottom ranks (i.e., competing to attain second-to-last rather than last place). These results were effectively replicated in Study 2.1b, in which we demonstrated that competing *close* to top ranks (e.g., competing to attain second rather than third place) elicits more unethical intentions than competing close to intermediate or bottom ranks (i.e., competing to attain third-to-last rather than second-to-last place). Studies 2.1a and 2.1b therefore demonstrated that the willingness to engage in unethical behaviors increased with the *proximity* to ranking standards, thereby providing support for our claim that unethical intentions increase with the unidirectional drive upwards.

Second, in Study 2.2 we assessed the hypothesis that unethical intentions increased with the *importance* of ranking standards – that is, that competitors would be more willing to engage in unethical behaviors when they are closer to ranks (e.g., first place or last place) that have meaning – by introducing explicit rewards for ending up in first place and explicit punishments for ending up in last place. The results of Study 2.2 indicated that top and bottom ranks both elicited more unethical intentions than intermediate ranks, and that bottom ranks even elicited more unethical intentions than top ranks (cf. prospect theory; Kahneman & Tversky, 1979). Study 2.2 therefore demonstrated that the willingness to

engage in unethical behaviors increased with the proximity to any meaningful ranking standard, thereby providing support for our claim that unethical intentions increase with the proximity to important ranking standards.

Third, in Study 2.3 we investigated the main drivers for the willingness of competitors to engage in unethical behaviors for top and bottom ranks. We assessed whether top ranks would elicit elevated perceptions of power (Keltner et al., 2003) that increase unethical intentions, and whether bottom ranks would elicit increased moral rationalizations (Bandura, 1990; Bandura et al., 1996; Moore et al., 2012) that thereby increase unethical intentions. The results of Study 2.3 effectively replicated those of Study 2.2 by indicating that both top and bottom ranks elicited more unethical intentions than intermediate ranks and that bottom ranks elicited more unethical intentions than top ranks. Furthermore, Study 2.3 indicated that the effects of bottom ranks were mediated by an increase in moral rationalizations and that the effects of top ranks were mediated by an increase in perceptions of power. Study 2.3 therefore demonstrated that the ethical inhibitions of individuals were relieved through different mechanisms, depending on the rank they were competing for.

Fourth, in Study 2.4, we again assessed the basic assumption that unethical behaviors increased with the proximity to important ranking standards. In contrast to Study 2.2, however, we assessed actual unethical *behaviors* rather than unethical intentions. The results of Study 2.4 indicated that top and bottom ranks elicited more unethical behaviors than intermediate ranks, but bottom ranks did not elicit more unethical behaviors than top ranks. Study 2.4 therefore demonstrated that the proximity to important ranking standards not only increased unethical intentions, but also unethical behaviors. Taken together, then, the five studies demonstrated that ranked competitions indeed had the potential of motivating competitors to engage in unethical behaviors.

Goal setting. Goal setting involves the specification of a certain performance standard (i.e., a goal). Goals are widely used as management tools because of their ability to elicit great levels of effort and persistence, and because it directs attention effort, and action towards meeting the goal (Locke & Latham, 1990, 2002) – so widely used, in fact, that individuals constantly move from one goal to another. There are various characteristics and circumstances that determine the effects that goals have (Locke & Latham, 2006), for instance whether their successful attainment implies positive outcomes (i.e., a promotion-focused goal) such as rewards, or whether their failed attainment implies negative

outcomes (e.g., a prevention-focused goal) such as punishments (cf. regulatory focus theory; Higgins, 1997). When used appropriately, goals have the potential of eliciting levels of performance beyond what would be achievable without goals.

Despite their copious benefits and widespread use, however, goals may have certain characteristics that elicit some insidious behavioral side effects. For instance, goals have been shown to motivate unethical behaviors amongst individuals (Schweitzer et al., 2004), especially when these goals are promotion- rather than prevention-focused (Gino & Margolis, 2011). Furthermore, individuals have been shown to respond differently to successful and failed attainment of promotion- and prevention-focused goals (Baas et al., 2011; Higgins et al., 1997; Idson et al., 2000), such that successful rather than failed promotion-goal attainment results in a heightened eagerness motivation on subsequent tasks, and a failed rather than successful prevention-goal attainment results in a heightened vigilance motivation on subsequent tasks (Förster et al., 1998, 2001; Idson et al., 2000; Wadhwa & Kim, 2015). Given that individuals respond differently to promotion- and prevention-focused goals, that the motivational effects of their successful or failed attainment may transfer to subsequent goals, and that individuals may use unethical behaviors in the pursuit of goals, it is likely that the successful or failed attainment of promotion- and prevention-focused goals may differentially impact the use of unethical behaviors in subsequent goals.

In Chapter 3 of this dissertation, we empirically investigated whether the successful or failed attainment of promotion- and prevention-focused goals would motivate individuals to engage in unethical behaviors on a subsequent task. More specifically, we investigated whether the successful attainment of a promotion-focused goal would result in more unethical behaviors on a subsequent task than the failed attainment of a promotion-focused goal, and whether the failed attainment of a prevention-focused goal would result in more unethical behaviors on a subsequent task than the successful attainment of a prevention-focused goal. To investigate these relationships, we conducted three studies throughout which we varied manipulations for promotion- and prevention-focused goals on the initial task and throughout which we varied the type of unethical behaviors that individuals could engage in on the second task. We manipulated promotion-focused goals by either emphasizing gains (Studies 3.1 and 3.2) or nurturance (Study 3.3), and prevention-focused by either emphasizing losses (Studies 3.1 and 3.2) or security (Study 3.3). We operationalized unethical behaviors via either cheating as an act of omission (i.e., cheating by *not* doing something) (Study 3.1) or commission (i.e., cheating by *doing*

something) (Studies 3.2 and 3.3), and these behaviors were functional because they would either save time and effort (Study 3.1), would lead to more gains (Study 3.2), or would lead to fewer losses (Study 3.3). A meta-analysis across the three studies (cf. Li et al., 2011) indicated that the successful attainment of promotion-focused goals led to more unethical behaviors on a subsequent task than the failed attainment of promotion-focused goals, and that the failed attainment of prevention-focused goals led to more unethical behaviors on a subsequent task than the successful attainment of prevention-focused goals. The three studies therefore demonstrated that the successful or failed attainment of previous promotion- or prevention-focused goals indeed has the potential of motivating employees to engage in unethical behaviors on a subsequent task.

Differentially treating employees. Differentially treating employees (i.e., LMX differentiation) involves supervisors developing unique relationships with each of their subordinates (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Settoon et al., 1996) that are either solely based on *economic* exchanges (i.e., low-quality LMX relationships), or are additionally based on *social* exchanges (i.e., high-quality LMX relationships). LMX differentiation is widely used as a management tool because of the reciprocal exchanges that it motivates amongst subordinates (Liden et al., 1997; Settoon et al., 1996; Wayne et al., 1997), in which the main assumption is that higher-quality LMX results in more beneficial outcomes for both leaders and members (e.g., enhanced work performance and organizational citizenship behaviors), while lower-quality LMX is neither beneficial nor harmful (e.g., Harris et al., 2005; Wayne et al., 1997).

Despite its beneficial outcomes, however, LMX differentiation has two characteristics that have the potential to limit its usefulness. First, in terms of high-quality LMX relationships, subordinates are motivated to *positively* reciprocate their exchange relationship with their supervisor – that is, to return the beneficial favor they receive from their supervisor (Blau, 1964; Gouldner, 1960). While it is generally assumed that subordinates only positively reciprocate through desirable and beneficial means, recent research on unethical behaviors (e.g., Effelsberg et al., 2014; Gino & Pierce, 2009; Thau et al., 2015; Umphress et al., 2010) suggests that subordinates may also engage in pro-supervisor unethical behaviors to reciprocate the favorable treatment they receive from their supervisor. Second, in terms of low-quality LMX relationships, subordinates are motivated to *negatively* reciprocate their exchange relationship with their supervisor – that is, to return the harmful favor – because they feel deprived relative to their peers

(Masterson et al., 2000). Research has established that subordinates can do so by disregarding the wants and needs of their supervisor, acting in a deviant manner (e.g., El Akremi et al., 2010; Liu et al., 2013), and acting in manners that serve their own personal interests (Uhl-Bien & Maslyn, 2003). This suggests that subordinates may also engage in pro-self unethical behaviors as a means of negative reciprocity.

In Chapter 4 of this dissertation, we empirically investigated whether LMX relationships motivated unethical behaviors amongst subordinates. More specifically, across four studies, we investigated whether high-quality LMX relationships motivated subordinates to engage in pro-supervisor unethical behaviors because of a need to positively reciprocate, and whether low-quality LMX relationships motivated subordinates to engage in pro-self unethical behaviors because of a need to negatively reciprocate. First, in Study 4.1 – a field study – we tested the hypothesis that the social exchange mechanism inherent in LMX relationships was associated with pro-supervisor unethical intentions. The result of Study 4.1 indicated that the perceived quality of LMX was positively related to pro-supervisor unethical intentions, above and beyond transformational, transactional, and ethical leadership. By controlling for these other leadership styles, Study 4.1 demonstrated that the willingness of subordinates to engage in pro-supervisor unethical behaviors increases with the perceived quality of the LMX relationships.

Second, in Study 4.2a – an experimental study – we aimed to contrast the effects of LMX on pro-supervisor unethical behaviors with effects on pro-self unethical behaviors. The results of Study 4.2a indicated that high-quality LMX relationships elicited more pro-supervisor unethical intentions than low-quality LMX relationships, and that low-quality LMX relationships elicited more pro-self unethical intentions than high-quality LMX relationships. Study 4.2a therefore demonstrated that LMX relationships generally motivated unethical intentions, but that the perceived quality of these LMX relationships determined who benefitted from these behaviors.

Third, in Study 4.2b – an experimental study – we aimed to replicate the results of Study 4.2a, and to investigate whether positive and negative reciprocity would serve as explanatory mechanisms for these effects. The results of Study 4.2b indicated that high-quality LMX relationships elicited more pro-supervisor unethical intentions than low-quality LMX relationships because of a need to positively reciprocate, and that low-quality LMX relationships elicit more pro-self unethical intentions than high-quality LMX relationships because of a need to negatively reciprocate. The results of Study 4.2b therefore effectively replicated those of Study 4.2a, and additionally demonstrated the capacity of positive and

negative reciprocity to act as social exchange stabilizers and explanatory mechanisms for these effects.

Fourth, in Study 4.3 – a time-split field study – we aimed to replicate the results of Study 4.2b amongst employees who performed actual (pro-supervisor and pro-self) unethical behaviors. The results of Study 4.3 indicated that LMX was positively associated with pro-supervisor unethical behaviors through the effects of positive reciprocity and pro-supervisor unethical intentions, and was negatively associated with pro-self unethical behaviors through the effects of negative reciprocity and pro-self unethical intentions. Study 4.3 therefore demonstrated that high-quality LMX relationships led employees to engage in pro-supervisor unethical behaviors, and that low-quality LMX relationships led employees to engage in pro-self unethical behaviors. Taken together, then, the four studies demonstrated that both high- and low-quality LMX relationships indeed had the potential of motivating subordinates to engage in unethical behaviors.

Theoretical Implications

As we have established in Chapters 2 through 4, through this dissertation we make various specific contributions to the literatures on ranking (Chapter 2), goal setting and regulatory focus (Chapter 3), and LMX (Chapter 4). Beyond these specific contributions, however, the results of this dissertation also have various theoretical implications for the literatures on management tools and unethical behaviors in general. In this section, we will discuss the most important theoretical implications.

The different functions of unethical behaviors. In Chapter 1 of this dissertation, we introduced the *functionality* of unethical behaviors: the fact that unethical behaviors can serve as a more effective or efficient (i.e., functional) alternative to ethical or ethically-neutral behaviors. In light of management tools, unethical behaviors can be functional in the sense that they allow employees to meet standards or goals that they would otherwise not have been able to meet (i.e., more effective), or allow employees to meet them more easily (i.e., more efficient or less effortful). In principle, such functional unethical behaviors can take various forms, such as cheating, deception, or dishonesty, provided that they adhere to the general characteristics of unethical behaviors (i.e., "either illegal or morally unacceptable to the larger community" [Jones, 1991: 367]) and that individuals engage in them with a specific purpose: to ensure a specific outcome in a more effective or efficient way than ethical or legitimate means. With the introduction of functional unethical

behaviors, we add to the literature on ethical decision-making (for reviews on ethical decision-making, see: Craft, 2013; Ford & Richardson, 1994; Loe et al., 2000; O'Fallon & Butterfield, 2005) by demonstrating that individuals not only deliberately choose to engage in unethical behaviors (Jones, 1991; Rest, 1986), but that they use the functionality of these behaviors as a motive (cf. Barsky, 2008; Morris et al., 2015).

Furthermore, we add to the literature by demonstrating that individuals not only engage in unethical behaviors for their own interests in lieu of group interests (cf. Carnes et al., 2015; de Waal, 1996; Haidt, 2008; Janoff-Bulman et al., 2009; Neuberg & Cottrell, 2008; Parks et al., 2013; Rai & Fiske, 2011), but also engage in them for the interest of others in lieu of their own interests (cf. Effelsberg et al., 2014; Gino & Pierce, 2009; Miao et al., 2013; Thau et al., 2015; Umphress et al., 2010). This again demonstrates that individuals are likely to engage in unethical behaviors when they are functional – that is, when such behaviors fulfill a motive.

The negative motivational force of management tools. In this dissertation, we have mainly focused on the role of functional unethical behaviors within the context of *management tools*. This dissertation has various implications for management tools, in general, and the relationship between management tools and functional unethical behaviors specifically.

As reviews on rankings and social comparisons (Garcia et al., 2013), goal setting and regulatory focus (Gorman et al., 2012; Lanaj et al. 2012; Ordóñez et al., 2009), and LMX (Dulebohn et al., 2012) have established, management tools have impressive effects on employees' motivation: a unidirectional drive upward (i.e., ranked competitions), an eagerness motivation to approach desirable outcomes or a vigilance motivation to avoid undesirable outcomes (i.e., goal setting), or positive and negative reciprocity (i.e., differentially treating employees). Abundant research has shown that because of these motivational effects, management tools are able to promote various desirable in-role and extra-role behaviors amongst employees, such as enhanced task performance, effort, creativity, and organizational citizenship behaviors – all for the purpose of meeting the standards and goals specified by these management tools.

However, more recently, research from various disciplines has started to examine that, despite their beneficial effects on desirable in-role and extra-role behaviors, management tools may also have the potential of motivating unethical behaviors (e.g., Jensen, 2001; 2003; Ordóñez et al., 2009; Schweitzer et al., 2004). In line with this

research, our own findings indicate that management tools indeed have the potential of motivating unethical behaviors amongst employees. More specifically, our findings demonstrate that the willingness and likelihood of individuals to engage in unethical behaviors increases with the presence and importance of standards and goals that they can strive for. Additionally, we have presented some empirical findings that demonstrate that these unethical effects are mediated by the exact same motivational mechanisms that would normally elicit desirable in- and extra-role behaviors, such as positive reciprocity for high-quality LMX relationships (e.g., Dulebohn et al., 2012). These results imply that individuals use unethical behaviors as a way of reaching the standards and goals set by management tools, potentially as an alternative to regular desirable in- and extra-role behaviors. Hence, in essence, while management tools may motivate employees to perform to the best of their ability, they may also motivate employees to choose undesirable means as a way of meeting the ends.

The need to release ethical inhibitions. Thus far, we have suggested that anyone can be motivated to engage in unethical behaviors, provided that these behaviors are functional. While it is true that the likelihood of engaging in unethical behaviors increases with the benefits (i.e., functionality) that are associated with them (Becker, 1968; Gneezy, 2005; Pittarello et al., 2015; Rickmann & Witt, 2007; Wang et al., 2014), individuals are generally inhibited from engaging in such behaviors. This inhibition typically stems from an unwillingness to incur punishments and an unwillingness to damage their moral reputation (Rand et al., 2009; Ule et al., 2009; Wedekind & Milinski, 2000) or moral self-image (Jordan & Monin, 2008; Jordan et al., 2011a). Hence, while individuals may have a motive to engage in functional unethical behaviors, they would first need to have a motive to release their ethical inhibitions (Bandura, 1990; Bandura et al., 1996) – that is, they need a justification of sorts.

Our research corroborates and adds to this notion that individuals need to release their ethical inhibitions before engaging in unethical behaviors and can do so through several routes. First, our research demonstrates that individuals need a justification prior to engaging in unethical behaviors. This corroborates the basic fact that engaging in unethical behaviors may be at odds with personal norms (Conner & Armitage, 1998; White et al., 2009), and stresses that individuals put forth great effort to convince themselves that they are justified in engaging in these behaviors (Bandura, 1990; Bandura et al., 1996). Second, our research corroborates the role of perceptions of power (Keltner et al., 2003) and moral

rationalizations (Bandura, 1990; Bandura et al., 1996; Moore et al., 2012) as releasers of such ethical inhibitions.

Practical Implications

Management tools are very pervasive in organizational contexts (e.g., Berger & Berger, 2008; Gerhart & Rynes, 2003). It would be difficult to imagine an organization in which management tools, such as ranked competitions, goal setting, and differentially treating employees are not used (Ambrose & Kulik, 1999; Berger & Berger, 2008; Gerhart & Rynes, 2003; Henderson et al., 2009; Kauppila, 2015; Locke & Latham, 2002; Michaels et al., 2001). Their pervasiveness is for good reason, of course, considering the fact that managers can generally use management tools to maximize the performance of their employees. It is unfortunate, then, that the findings of this dissertation suggest that management tools may have a dark side that challenges their usefulness. We have no intention of discrediting management tools, but if they have a potential for motivating functional unethical behaviors, then it would be prudent to acknowledge and act upon this, so that managers can continue using them while keeping unethical behaviors to a minimum.

The main problem with management tools is that their motivational effects spark both desirable and undesirable behaviors (Ordóñez et al., 2009). This means that any attempt to reduce unethical behaviors through the minimization of ranked competitions, goal setting, or differentially treating employees may also lead to a reduction in the positive motivational effects that can accompany the use of such tools, effectively negating their purpose altogether. What managers need, then, is a way to ensure that management tools are able to elicit their positive motivational effects, while at the same time keeping unethical behaviors of employees to a minimum. In this section, we will cover two suggestions through which managers can attempt to do so: (1) to remove the functionality of the collateral unethical behaviors, and (2) to keep ethical inhibitions in check.

Removing the functionality of unethical behaviors. Drawing from our premise that individuals only engage in unethical behaviors when they are functional, one method of decoupling unethical behaviors from management tools is to remove the functionality of these unethical behaviors. For example, managers can increase the likelihood and severity of punishment attached to unethical behaviors (cf. Becker, 1968). If employees believe that their unethical behaviors are likely to result in punishment, and if those punishments

outweigh the benefits brought by the unethical behaviors (Bellah et al., 1991; Ule et al., 2009), employees will no longer see a function in the behaviors (Becker, 1968; Pittarello et al., 2015; Rickmann & Witt, 2007; Wang et al., 2014). The problem with this approach, however, is that punishment is relatively costly (Fehr & Gächter, 2002) and it is unlikely that everyone who engages in unethical behaviors will be apprehended, meaning that it is both inefficient and insufficient to solely rely on punishments. A complimentary approach would be to not only monitor the outcomes that employees produce – that is, whether or not they have met their standards or goals – but also monitor the processes through which employees pursue their standards and goals. By monitoring how employees perform their work actions, opportunistic behaviors amongst employees are likely to be reduced (Nagin et al., 2002), which would imply that unethical behaviors are reduced, as well. Monitoring employees is still relatively resource-intensive, however, which may not make it the most appropriate course of action, either.

Perhaps a more appropriate manner of reducing the functionality of unethical behaviors is by setting more realistic and attainable standards and goals for employees to pursue. There are various factors that are involved in setting standards and goals that influence the appropriateness of these standards and goals (Locke & Latham, 1990, 2002). One of these factors is the difficulty of meeting the standard or goal. Just like the demotivating nature of relatively easy standards and goals, standards and goals that are too difficult to meet are also demotivating and can even motivate individuals to engage in unethical behaviors (Ordóñez et al., 2009; Schweitzer et al., 2004). Given that one of the prime functionalities of unethical behaviors is the effective and efficient attainment of outcomes that would otherwise be unattainable, managers are likely to reduce unethical behaviors by simply setting standards or goals that employees are able to attain with a reasonable amount of legitimate effort. This should ensure that employees are sufficiently motivated to make management tools useful (Locke & Latham, 1990, 2002), while at the same time keeping unethical behaviors to a minimum (Ordóñez et al., 2009; Schweitzer et al., 2004). The only problem that remains with this approach is that when managers use promotion-focused goals, the enhanced eagerness of attaining these goals may motivate employees to engage in unethical behaviors on subsequent tasks (see Chapter 3 of this dissertation).

Maintaining ethical inhibitions. As the above discussion suggests, it is fairly difficult to remove the functionality of unethical behaviors in a cost-effective manner without

simultaneously removing the benefits associated with management tools. Under normal circumstances, functional unethical behaviors are likely to remain a tempting alternative to regular behaviors. An alternative to removing the functionality, then, is to simply convince employees not to engage in these behaviors, by establishing moral awareness amongst their employees (Barsky, 2008; Jordan, 2009; Reynolds, 2006) and by keeping the ethical inhibitions of their employees in check (Bandura, 1990; Bandura et al., 1996). Moral awareness can be established by creating an ethical climate that emphasizes the means of ensuring an outcome, rather than merely emphasizing the outcome in itself (Ashforth & Anand, 2003; Brief et al., 2001). This moral awareness is then likely to reduce employees' unethical intentions (Reynolds, 2006). An alternative way is for managers to reinforce the ethical inhibitions that employees have, for instance by employing an ethical leadership style that emphasizes ethical over unethical conduct (Brown & Mitchell, 2010; Treviño et al., 2014). Through this emphasis, managers can activate the personal norms of employees (Welsh & Ordóñez, 2014), which should inhibit these employees from engaging in unethical behaviors. Beyond ethical climates and leadership, managers can also recruit and select those individuals who are least prone to engage in unethical behaviors. Individuals with a relatively high moral development (Kohlberg, 1969) or moral identity (Aquino & Reed, 2002), for instance, are far less likely to entertain unethical behaviors than individuals with relatively low moral development or moral identity. Given that moral development and moral identity are relatively stable personality traits, managers can screen potential employees and may choose to select only those individuals who possess these traits.

Limitations and Future Research Directions

Despite the various theoretical and practical implications that can be derived from the research in this dissertation, there are various limitations that need to be addressed. Given that we have already addressed the various specific limitations of ranked competitions (Chapter 2), goal setting (Chapter 3), and differentially treating employees (Chapter 4) in their respective chapters, in this section we will focus on discussing the limitations and future research directions of management tools in general.

Functional unethical behaviors as a functional alternative. The first potential limitation concerns the use of unethical behaviors as a functional alternative to regular behaviors. Throughout the dissertation, we have stated that unethical behaviors are functional when they lead to an outcome in a more effective or efficient manner than do

ethical or ethically-neutral behaviors. While we have assumed that any unethical act serves as an alternative to ethical or ethically-neutral behaviors, we have not actually contrasted functional unethical behaviors against ethical or ethically-neutral behaviors. To truly assess whether functional unethical behaviors serve as an *alternative* to ethical or ethically-neutral behaviors, a future study could contrast the two types of behaviors by presenting both behavioral options to participants. In such a study, the functionality of unethical behaviors (e.g., the likelihood and effort associated with ensuring an outcome) could be varied relative to the potency of ethical or ethically-neutral behaviors in order to identify when unethical behaviors become functional enough for individuals to choose to engage in them. While the efficiency of ensuring an outcome (e.g., in resources spent) may be a functionality of unethical behaviors that could be varied in such a study, the effectiveness of ensuring an outcome (e.g., a certain increase in likelihood of meeting standards and goals) may be more potent. Given that individuals generally dislike failing to meet standards and goals (Schweitzer et al., 2004; Wadhwa & Kim, 2015), we expect that unethical behaviors will become especially functional when they are more effective rather than efficient.

A related limitation is the fact that we have only investigated unethical behaviors that were functional. Throughout the dissertation chapters, these unethical behaviors either allowed individuals to attain desirable or avoid undesirable ranks (Chapter 2), attain desirable or avoid undesirable outcomes (Chapter 3), or to positively or negatively reciprocate a relationship (Chapter 4). We did not investigate in any of the chapters if management tools would motivate individuals to engage in unethical behaviors void of functionality. Given that individuals go through great lengths to justify engaging in unethical behaviors (Bandura, 1990; Bandura et al., 1996), it seems unlikely that individuals would engage in non-functional unethical behaviors simply 'for the hell of it'. Hence, a future study could contrast functional unethical behaviors with non-functional unethical behaviors. In such a study, we would expect that the effects that we have demonstrated throughout this dissertation would hold for functional but not for non-functional unethical behaviors.

Another related limitation is that we have assumed that the functionality of functional unethical behaviors is domain-specific – that is, individuals engage in functional unethical behaviors to meet the standards and goals set by their respective management tools. What we have not investigated, however, is whether management tools could elicit unethical behaviors that are functional for other purposes, for instance to regulate their

emotions following a certain task success or failure. There are some indications that management tools can also elicit functional unethical behaviors for incidental reasons. Research on task sequences, including Chapter 3 of this dissertation, for instance, has shown that motivation resulting from one task can elicit specific behaviors on subsequent tasks (Förster et al., 1998, 2001; Idson et al., 2000; Wadhwa & Kim, 2015). Furthermore, research on moral licensing has established that a specific domain can motivate individuals to engage in unethical behaviors in an entirely different domain (Jordan et al., 2011a; Mazar & Zhong, 2010; Miller & Efron, 2010). A future study could assess whether management tools are able to elicit unethical behaviors that are not only relevant for the directly related task, but have incidental effects, such that these unethical behaviors have different non-task related functionalities.

Moral awareness and normative ethics. Another potential limitation lies with the fact that participants may have believed that the unethical behaviors in our studies were not unethical at all. With a notable exception of most of the studies in Chapter 2, most other studies simply did not specify that the behaviors under study were uncommon practice (i.e., descriptive norms) or not allowed (i.e., injunctive norms). This means that individuals had to rely on their own ability to identify ethical dilemmas to assess whether these behaviors were unethical or not. Unfortunately, although the ability to identify ethical dilemmas develops over time and experience for most individuals (e.g., Abernathy & Hamm, 1995; Dunn, 1988; Harris & Nunez, 1996; Narvaez, 2006; Rest, 1986; Rest & Narvaez, 1994; Smetana, 1985), not all individuals have the capacity to do so (Narvaez & Lapsley, 2009). Consequently, if individuals are unable to identify the ethical component of such dilemmas, they are unlikely to be morally aware (Jordan, 2009; Reynolds, 2006). If individuals are not morally aware, they are unlikely to go to the cognitive processes that are involved in ethical decision-making (e.g., Ferrell & Gresham, 1985; Jones, 1991; Rest, 1986), meaning that these individuals are likely to choose the functional alternative without any (un)ethical considerations. If this holds true, then this dissertation is not focused on ethical decision-making, but mere decision-making.

Fortunately, there are some indications that participants were aware of the unethical component of the functional unethical behaviors, and that this dissertation does deal with ethical decision-making rather than ethical or ethically-neutral decision-making. On the one hand, the means and variances of the unethical behaviors and intentions were relatively low for most of the studies in this dissertation, which indicates that, on average, individuals

felt inhibited to demonstrate these behaviors. This serves as a testament to the likelihood that individuals perceived the behaviors as unethical. Second, in Chapter 2 we demonstrated that individuals who were competing for bottom ranks needed to release their inhibitions by employing moral rationalizations. Given that morally rationalizing is a common tactic to justify unethical behaviors (Bandura, 1990; Bandura et al., 1996), it seems prudent to assume that the participating individuals perceived the behavioral option as unethical. Taken together, then, it seems very unlikely that our participants were unaware of the unethical nature of the behaviors they engaged in. Given that we have not measured this, however, we cannot fully exclude the option that they were morally unaware. A future study could investigate whether individuals indeed perceive the behavioral alternatives as unethical, and thus whether the decision to engage in them is based on ethical or ethically-neutral decision-making.

Even if participants were morally unaware, however, it still seems very unlikely that they believed that the functional unethical behaviors were actually permissible. In line with our definition of unethical behaviors (i.e., "either illegal or morally unacceptable to the larger community" [Jones, 1991: 367], the behaviors employed in most of our studies were relatively obvious unethical behaviors (e.g., lying, cheating, stealing). Hence, despite the fact that we had not explicitly stated that they were uncommon practice (i.e., descriptive norms) or prohibited (i.e., injunctive norms), our participants should have been able to deduce that engaging in the functional unethical behavioral option would constitute a norm violation. This explanation only holds for participants whom perceive such unethical behaviors to actually be a norm violation, however, which may not hold true for all participants. Participants with a preference for outcome-based ethical frameworks (i.e., consequentialist), for instance, may find it more acceptable to engage in such unethical behaviors than participants with a preference for rule-based ethical frameworks (i.e., deontologists). This suggests that the likelihood with which individuals engage in unethical behaviors may be conditional upon the ethical frameworks that people predominately apply. To further complicate matters, given that the preference for ethical frameworks differs both between (e.g., Körner & Volk, 2014; Lee & Gino, 2015) and within individuals (e.g., Friesdorf et al., 2015; Wang et al., 2014), it may well be that individuals change their guiding ethical frameworks as a means to justify their engagement in functional unethical behaviors. Although these matters move us far beyond the issue that individuals may be more or less morally aware of their acts, it does raise the potential for future research to identify boundary conditions (e.g., a preference for ethical principles) and explanatory

mechanisms (e.g., a switch in ethical principles) that may further attenuate or enhance the effects of management tools on functional unethical behaviors. Regardless of such matters, however, there are various indications that participants perceived the unethical behaviors to be impermissible in our studies. We are confident, therefore, that this discussion on moral awareness and norm violations does not affect the contributions of this dissertation.

A broader scope. Thus far, we have covered various theoretical and empirical limitations and suggestions specific to ranked competitions (Chapter 2), goal setting (Chapter 3), and differentiating amongst employees (Chapter 4), and more generally applicable to our approach to functional unethical behaviors (this chapter). Beyond these, however, are far more limitations and suggestions that may influence the generalizability of our claim that management tools motivate functional unethical behaviors. First and foremost, in this dissertation we have mainly focused on the direct effects of management tools on functional unethical behaviors. In doing so, we have neglected to investigate how various contextual factors, such as the likelihood and severity of being punished for engaging in unethical behaviors (Becker, 1968), the presence of ethical climates (Brief et al., 2001), and the type of (ethical) leadership styles (Brown & Mitchell, 2010), may moderate the relationships demonstrated in this dissertation. Similarly, we have not considered how different interpersonal differences such as one's moral identity (Aquino & Reed, 2002) or degree of Machiavellianism (Christie & Geis, 1970) may moderate the demonstrated relationships. Hence, it could well be that certain third-variables may influence the effects of management tools on functional unethical behaviors. Regardless of whether these third-variables may increase or decrease the likelihood of individuals to engage in unethical behaviors, it is imperative for both theory and practice to identify these moderator variables.

Second, throughout this dissertation we have focused on the unethical effects of ranked competitions, goal setting, and differentiating amongst employees as management tools. More specifically, we have considered these as types of *performance* management tools that are put in place to enhance performance amongst individual employees. Although we have chosen a relatively distinct and representative set of typical performance management tools, each with their own motivational effects, there are various other management tools that we have not considered. Future research could consider whether other popular management tools, such as high performance work practices (e.g., Huselid, 1995), participative leadership practices (e.g., Lam et al., 2015), or i-deals (e.g., Ng &

Lucianetti, 2015), have the same potential of motivating unethical behaviors as the management tools that we have assessed.

All in all, then, there are various limitations that influence the generalizability of this dissertation. Hence, we have been unable to cover the entire relationship between management tools and functional unethical behaviors. Given the different theoretical and empirical approaches that we adopted to investigate the relationship between management tools and functional unethical behaviors, however, we are confident that we have provided a solid basis for the premise that management tools, through various motivational processes, are able to elicit functional unethical behaviors. Furthermore, we have provided various suggestions that scholars may use as a stepping-stone for further research. Given all of this, we invite and encourage scholars to make use of these suggestions such that we can truly unveil the sinister and insidious unethical effects of management tools.

Conclusion

This dissertation began with a thought experiment in which we aimed to establish that (1) individuals are likely to engage in unethical behaviors, (2) especially when these unethical behaviors are functional, (3) regardless of the harm that these functional unethical behaviors bring about. We assumed that these three premises would not only be limited to simple (board)games, but would also extend to management tools that are employed by managers in all sorts of organizations. In line with this assumption, the results that we have presented in this dissertation demonstrate that ranked competitions, goal setting, and differentiating amongst employees all have the potential of motivating functional unethical behaviors amongst individual employees. In light of the prevalence of management tools in day-to-day organizational operations, and the significant costs and harm associated with unethical behaviors, these findings have important theoretical and practical implications. We encourage scholars and managers to further investigate the effects of management tools, such that the desirable motivational effects of management tools can be made to outweigh their undesirable unethical effects.

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APPENDICES

Appendix A

Scenarios for Studies 2.1a and 2.1b

Scenario #1. Imagine that you are playing in a one-day poker tournament with 100 players. Before the final round, you are tied with your rival. Your rival appears to be gaining the upper hand. Unbeknownst to your rival, however, you are able to sabotage his play through doing something that is not officially allowed, and a bit devious. However, you know that if you do choose to sabotage his play, no one will ever find out. This sabotage may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank.

Scenario #2. Imagine that you are playing in a one-day poker tournament with 100 players. Before the final round, you are tied with your rival. Your rival appears to be gaining the upper hand. Unbeknownst to your rival, however, you are able to illegitimately get additional chips that will improve your score. However, you know that if you choose to illegitimately get additional chips, no one will ever find out. This acquirement may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank.

Scenario #3. Imagine that you are employed in an organization of 30 employees. In an attempt to keep spirits up, your organization publishes an annual performance report in which the performance of all employees is ranked. Given your current performance, you are tied with your rival. Your rival appears to be gaining the upper hand. Unbeknownst to your rival, however, you are able to overstate your performance in a way that will make you look good and that you know will never be discovered by anyone. This overstatement may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank.

Scenario #4. Imagine that you are employed in a sales department of 40 employees. A performance ranking of all employees is published monthly, and that performance is based on the number of sales an employee makes. Given your current number of sales you are tied with a rival employee. Your rival appears to be outperforming you. Unbeknownst to your rival, however, you are able to manipulate the sales system to artificially inflate your sales numbers. Doing so may increase your likelihood of surpassing your rival, thus

allowing you to end up at a higher rank, and you know that no one would ever find out what you did.

Scenario #5. Imagine that you are the CEO of a Fortune 500 company. Your stock evaluation depends on your rank in the industry, and the likelihood that you will attain funding from capitalists is highly dependent on your rank. Your company is tied with a rival company in the same industry. Industry norms dictate that it is inappropriate for one company to hire employees that have been with another company within the same industry for the past three years. A key person within the industry (he was an executive at a rival firm and delivered great results there) has just left your rival company and has indicated that he is interested in being employed with your company. Employing this person may increase the likelihood of your company surpassing your rival company, thus allowing your company to end up at a higher rank.

Appendix B

Scenarios for Studies 2.2 and 2.3

Scenario #1. Imagine that you are employed in an organization of 30 employees. In an attempt to keep spirits up, your organization publishes an annual performance report in which the performance of all employees is ranked. On the basis of this report, the employee in last place receives a pay cut, whereas the employee in first place receives a pay raise. Given your current performance, you are tied with your rival. Your rival appears to be gaining the upper hand. Unbeknownst to your rival, however, you are able to overstate your performance in a way that will make you look good and that you know will never be discovered by anyone. This overstatement may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank.

Scenario #2. Imagine that you are employed in an organization of 30 employees. In an attempt to keep spirits up, your organization publishes an annual performance report in which the performance of all employees is ranked. On the basis of this report, the employee in last place will be demoted, whereas the employee in first place will be promoted. Given your current performance, you are tied with your rival. Your rival appears to be gaining the upper hand. Unbeknownst to your rival, however, you are able to overstate your performance in a way that will make you look good and that you know will never be discovered by anyone. This overstatement may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank.

Scenario #3. Imagine that you are employed in a sales department of 40 employees. An annual performance ranking of all employees determines whether employees will get a pay cut or a pay raise. The employee in last place will get a pay cut, whereas the employee in first place will get a pay rise. Given your current number of sales you are tied with a rival employee. Your rival appears to be outperforming you. Unbeknownst to your rival, however, you are able to manipulate the sales system to artificially inflate your sales numbers. Doing so may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank, and you know that no one would ever find out what you did.

Scenario #4. Imagine that you are employed in a sales department of 40 employees. An annual performance ranking of all employees determines whether employees will get a

demotion or a promotion. The employee in last place will get a demotion, whereas the employee in first place will get a promotion. Given your current number of sales you are tied with a rival employee. Your rival appears to be outperforming you. Unbeknownst to your rival, however, you are able to manipulate the sales system to artificially inflate your sales numbers. Doing so may increase your likelihood of surpassing your rival, thus allowing you to end up at a higher rank, and you know that no one would ever find out what you did.

Scenario #5. Imagine that you are the CEO of a Fortune 500 company. Your stock evaluation depends on your rank in the industry, and the likelihood that you will attain funding from capitalists is highly dependent on your rank. Companies that are no longer in the Fortune 500 will lose important funding opportunities due to the reduced exposure, whereas the company that is in first place will gain important funding opportunities due to the enhanced exposure. Your company is tied with a rival company in the same industry. Industry norms dictate that it is inappropriate for one company to hire employees that have been with another company within the same industry for the past three years. A key person within the industry (he was an executive at a rival firm and delivered great results there) has just left your rival company and has indicated that he is interested in being employed with your company. Employing this person may increase the likelihood of your company surpassing your rival company, thus allowing your company to end up at a higher rank.

Appendix C

Moral rationalization measure (Study 2.3)

"Given the competition for ranks [#n] and [#n+1] out of [total], I feel that [unethical behavior] is..." (1 = *strongly disagree*, 7 = *strongly agree*):

1. ...reasonable given the competitiveness of the situation.
2. ...sensible as my rival appeared to be gaining the upper hand.
3. ...just part of the rivalry game in this competitive situation.
4. ...not worth worrying about when comparing it to other things people do in rivalry situations.
5. ...sensible as my rival challenged and pressured me to do so.
6. ...something I cannot be blamed for as my rival might do it too.
7. ...okay because it is all in the game that rivals are treated roughly and without sympathy.
8. ...reasonable because my rivals would probably do the same and therefore bring such mistreatment on themselves.

Appendix D

Results of analyses using different inclusion criteria for participants (Chapter 3)

Dataset	Promotion goal							Prevention goal						
	Success			Failure			Comparison	Success			Failure			Comparison
	M	*SD*	*n*	*M*	*SD*	*n*	*t*	*p*	*M*	*SD*	*n*	*M*	*SD*	*n*	*t*	*p*
Study 3.1: cheating																
Dataset as used	2.13	3.61	16	1.40	2.80	20	0.68	0.50	0.47	1.12	19	2.61	4.34	18	2.04	0.05
+ information checks	2.13	3.61	16	1.81	3.39	26	0.30	0.76	0.80	1.78	25	2.47	4.35	19	0.17	0.10
+ anomalies	1.55	3.20	22	2.27	3.88	30	0.71	0.48	1.31	3.12	26	2.47	4.35	19	1.06	0.29
Study 3.2: overstating																
Dataset as used	0.69	1.12	26	0.24	0.60	25	2.01	0.05	0.19	0.40	21	0.58	0.84	19	1.53	0.13
+ outliers	0.96	1.79	27	0.27	0.60	26	2.29	0.02	0.19	0.40	21	0.58	0.84	19	1.11	0.27
+ information checks	0.96	1.79	27	0.29	0.60	28	2.43	0.02	0.19	0.40	27	0.46	0.76	26	0.97	0.33
+ anomalies	0.96	1.79	27	0.28	0.59	29	2.50	0.01	0.17	0.38	29	0.48	0.85	31	1.71	0.24
Study 3.2: stealing																
Dataset as used	0.40	1.48	26	-0.32	1.10	25	2.42	0.02	-0.10	0.67	21	-0.01	0.60	19	0.26	0.80
+ outliers	0.50	2.00	27	-0.19	1.85	26	1.66	0.10	-0.24	0.72	21	-0.18	0.55	19	0.12	0.90
+ information checks	0.54	1.99	27	-0.14	1.80	28	1.73	0.09	-0.10	0.97	27	-0.30	0.66	26	0.49	0.62
+ anomalies	0.48	2.00	27	-0.19	1.76	29	1.90	0.07	0.25	1.83	29	-0.49	0.76	30	1.85	0.07
Study 3.3: overstating																
Dataset as used	0.39	0.72	23	0.00	0.00	17	2.21	0.03	0.18	0.39	22	0.44	0.73	16	1.41	0.16
+ outliers	0.54	1.02	24	0.00	0.00	17	1.88	0.06	0.50	1.18	24	0.44	0.73	16	0.21	0.83
+ information checks	0.57	1.00	28	0.00	0.00	20	2.09	0.04	0.55	1.27	29	0.37	0.68	19	0.66	0.51
+ anomalies	0.63	1.13	32	0.19	0.87	21	1.50	0.14	0.55	1.20	33	0.33	0.66	21	0.74	0.46
Study 3.3: stealing																
Dataset as used	0.13	0.72	23	-0.20	0.24	17	1.72	0.09	-0.12	0.47	22	0.18	0.81	16	1.53	0.13
+ outliers	0.15	0.99	24	-0.32	0.30	17	1.57	0.12	0.04	1.20	24	0.06	0.81	16	0.09	0.93
+ information checks	0.17	0.98	28	-0.33	0.32	20	1.80	0.08	0.06	1.26	29	0.01	0.75	19	0.19	0.85
+ anomalies	0.22	1.30	32	-0.24	0.89	21	1.50	0.14	-0.03	1.19	33	-0.06	0.72	21	0.10	0.92

Notes. This table replicates the contrast-analyses of Chapter 3 (i.e., promotion goal: success vs. failure; prevention goal: success vs. failure) for different datasets using different inclusion criteria for participants. The stealing measure is based on residuals, and is therefore re-estimated for every different dataset.

NEDERLANDSE SAMENVATTING
(DUTCH SUMMARY)

Nederlandse Samenvatting (Dutch Summary)

Onethische gedragingen zijn gedragingen die illegaal zijn of moreel onacceptabel in een sociaal domein (cf. Jones, 1991). Onethische gedragingen onder medewerkers kosten organisaties veel geld (Association of Certified Fraud Examiners, 2014; Meiners, 2005; Rickman & Witt, 2007), en kunnen nare gevolgen hebben voor partijen binnen en buiten de organisatie (Bull & Newell, 2003; Cohan, 2002; Cooper, 2001; Della Porta & Mény, 1997; Giacalone & Promislo, 2010; Heidenheimer & Johnston, 2002). Ondanks de negatieve gevolgen, komen onethische gedragingen relatief vaak voor in organisaties (EY, 2015; KPMG, 2013; PwC, 2014; Rickman & Witt, 2007). Het is dan ook niet verassend dat er meer en meer onderzoek wordt gedaan naar onethisch gedrag in organisaties (Kish-Gephart, Harrison, & Treviño, 2010; Tenbrunsel & Smith-Crowe, 2008; Treviño et al., 2014). Hoewel dit onderzoek zich voornamelijk heeft gericht op hoe managers onethische gedragingen kunnen *voorkomen*, is er een interessante stroom van onderzoek waarin de notie centraal staat dat managers onbewust onethische gedragingen kunnen *aanmoedigen* (e.g., Cadsby et al., 2010; Harbring & Irlenbusch, 2008; Jensen, 2001, 2003; Ordóñez et al., 2009; Schweitzer et al., 2004). De achterliggende gedachte hierbij is dat gevestigde en veelvuldig gebruikte managementpraktijken die bedoeld zijn om medewerkers te motiveren tot het leveren van hoge prestaties onbedoeld ook kunnen aanzetten tot allerlei onethische gedragingen (e.g., Cadsby et al., 2010; Jensen, 2001; Schweitzer et al., 2004).

Voortbordurend op deze veronderstelling beredeneren wij dat bepaalde managementpraktijken medewerkers kunnen aanzetten tot *functioneel* onethisch gedrag – dat wil zeggen, medewerkers verkiezen het onethische pad omdat zij daarlangs op een effectievere of efficiëntere (i.e., *functionelere*) wijze kunnen voldoen aan de door managers gestelde doelen en verwachtingen dan met sociaal geaccepteerd gedrag. Aangezien goed management staat of valt met de kwaliteit en effecten van gehanteerde managementpraktijken (e.g., Berger & Berger, 2008; Gerhart & Rynes, 2003), en aangezien onethische gedragingen erg schadelijk kunnen zijn voor allerlei betrokken partijen binnen en buiten organisaties, is het belangrijk om te onderzoeken of managementpraktijken inderdaad functioneel onethische gedragingen bij medewerkers kunnen oproepen. In deze dissertatie hebben wij dat onderzocht.

Er is een wijd scala aan managementpraktijken die voor allerlei doeleinden kan worden gebruikt (e.g., Berger & Berger, 2008; Coombs & Hull, 1998; Gerhart & Rynes, 2003; Huselid, 1995; Lam et al., 2015; Ng & Lucianetti, 2015). In deze dissertatie hebben

wij ons beperkt tot drie managementpraktijken die gericht zijn op het stellen van standaarden of doelen die medewerkers moeten nastreven. Deze drie zijn: rangordecompetities (Garcia et al., 2006), het stellen van promotie- of preventiegerichte doelen (Higgins, 1997), en onderscheid maken tussen medewerkers (e.g., Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Liden & Graen, 1980; Settoon et al., 1996). Verspreid over drie empirische hoofdstukken hebben wij onderzocht of rangordecompetities (Hoofdstuk 2), het stellen van promotie- of preventiegerichte doelen (Hoofdstuk 3), en het maken van onderscheid tussen medewerkers (Hoofdstuk 4) de potentie hebben om functioneel onethisch gedrag bij medewerkers te motiveren. We zullen hier de voornaamste bevindingen van deze hoofdstukken samenvatten en kort enkele theoretische en praktische implicaties bespreken.

Rangordecompetities

In belangrijke gebieden van het sociale leven (onderwijs, sport, bedrijfsleven) worden prestaties van individuen, groepen en organisaties veelvuldig uitgedrukt in rangordes. Onder rangordecompetities verstaan wij lijsten waarin betrokken deelnemers worden gerangschikt op basis van hun prestaties op een sociaal gewaarde dimensie (Garcia et al., 2006). Rangordecompetitie wordt veel gebruikt als managementpraktijk vanwege de motiverende uitwerking ervan op medewerkers (e.g., Chen et al., 2011; Garcia & Tor, 2007; Garcia et al., 2006, 2010; Pettit et al., 2013; Poortvliet, 2012; Poortvliet et al., 2009). Ondanks hun populariteit blijkt uit de onderzoeksliteratuur dat rangordecompetities ook schadelijke effecten kunnen sorteren (e.g., Franken & Brown, 1995; Malhotra, 2010; Poortvliet, 2012). In Hoofdstuk 2 van deze dissertatie onderzoeken wij of rangordecompetities de betrokkenen kunnen motiveren tot functioneel onethisch gedrag.

Verspreid over vijf experimentele studies hebben wij onderzocht of deelnemers aan rangordecompetities eerder onethisch gedrag gaan vertonen wanneer zij in de buurt komen van belangrijke rangordeposities. We tonen aan dat de bereidheid om onethisch gedrag te vertonen sterker wordt naarmate deelnemers in de buurt komen van de eerste plek in de rangorde (Studies 2.1a en 2.1b). Maar wanneer er naast beloningen aan de eerste plaats tevens straffen zijn gekoppeld aan de laatste plaats, blijkt zowel de strijd om de koppositie als het gevecht om weg te blijven van de staartpositie gepaard te gaan met meer onethisch gedragingen dan de strijd om de middenposities in de rangorde (Studie 2.2). Bovendien laten de resultaten zien dat mensen die strijden om de eerste plaats in een rangorde geneigd zijn tot onethisch gedrag omdat zij zich machtig voelen, terwijl mensen die strijden

om de laatste plaats te vermijden zichzelf toestaan onethisch gedrag te gebruiken door dit gedrag rationeel goed te praten (Studie 2.3). Tot slot tonen wij aan dat de strijd om de eerste plek te behalen of om de laatste plek te vermijden zich ook uit in onethisch *gedragingen* in plaats van alleen maar onethische bedoelingen (Studie 2.4). Samengenomen tonen deze resultaten aan dat rangordecompetities inderdaad de potentie hebben om onder de deelnemers functioneel onethisch gedrag te motiveren.

Het Stellen van Doelen

Onder het stellen van doelen verstaan wij het specificeren van een bepaalde prestatiestandaard (i.e., een doel). Het stellen van doelen wordt veel gebruikt als managementpraktijk omdat het medewerkers tot actie aanzet, richting geeft aan de acties, en medewerkers kan motiveren hun acties door te zetten totdat de gestelde doelen zijn bereikt (Locke & Latham, 1990, 2002). Ondanks het vele gebruik en de voordelen kunnen doelen ook negatieve gevolgen hebben (e.g., Schweitzer et al., 2004), vooral wanneer doelen in termen van een promotiefocus (i.e., het behalen van beloningen) of preventiefocus (i.e., het vermijden van straffen) zijn gesteld (Gino & Margolis, 2011). Tevens blijkt uit onderzoek dat medewerkers verschillend reageren op het wel of niet behalen van promotie- of preventiegerichte doelen (Baas et al., 2011; Higgins et al., 1997; Idson et al., 2000). In Hoofdstuk 3 onderzoeken wij of het wel of niet behalen van promotie- of preventiegerichte doelen functioneel onethisch gedrag kan motiveren.

Verspreid over drie experimentele studies hebben wij onderzocht of het succesvol behalen van promotiegerichte doelen (deelnemers krijgen een beloning) in een eerste taak resulteert in meer onethische gedragingen in een vervolgtaak dan het niet behalen van promotiegerichte doelen, terwijl we voor preventiegerichte doelen bezien of het niet behalen hiervan (deelnemers krijgen een straf) resulteert in meer onethische gedragingen in een vervolgtaak dan het wel behalen hiervan. In deze drie studies hebben wij verschillende manipulaties van promotie- en preventiegerichte doelen gebruikt, en de effecten hiervan op verschillende soorten onethische gedragingen onderzocht. Hoewel de resultaten van de drie studies enigszins inconsistent waren, kunnen wij op basis van een meta-analyse van deze drie studies (cf. Li et al., 2011) stellen dat het succesvol behalen van promotiegerichte doelen tot meer onethisch gedrag aanzet in een vervolgtaak dan het niet behalen ervan, terwijl omgekeerd het niet behalen van preventiegerichte doelen tot meer onethisch gedrag leidt in een vervolgtaak dan het wel behalen ervan. Samengenomen

tonen deze resultaten dus aan dat het stellen van doelen inderdaad de potentie heeft om mensen te motiveren tot functioneel onethisch gedrag.

Onderscheid Maken Tussen Medewerkers

Volgens de Leader-Member Exchange (LMX) theorie (Dienesch & Liden, 1986; Graen & Uhl-Bien, 1995; Settoon et al., 1996) ontwikkelen leidinggevenden unieke relaties met elk van hun ondergeschikten, die in kwaliteit kunnen variëren van *economische* uitwisselingsrelaties (i.e., lage kwaliteit leader-member exchange [LMX]) tot *sociale* uitwisselingsrelaties gebaseerd op onderling vertrouwen en respect, en op wederzijdse verplichtingen en invloed (i.e., hoge kwaliteit LMX). LMX-differentiatie wordt veel gebruikt als managementpraktijk om potentieel betere medewerkers extra te kunnen motiveren tot het leveren van goede prestaties en om hun ontwikkeling te kunnen faciliteren (Liden et al., 1997; Settoon et al., 1996; Wayne et al., 1997), waardoor hogere verwachtingen aan deze medewerkers gesteld kunnen worden. Ondanks het vele gebruik en de voordelen suggereert de onderzoeksliteratuur dat LMX-differentiatie ook negatieve gevolgen kan hebben (e.g., El Akremi et al., 2010; Liu et al., 2013; Uhl-Bien & Maslyn, 2003). In Hoofdstuk 4 onderzoeken wij of het onderscheid maken tussen medewerkers functioneel onethisch gedrag kan motiveren.

Verspreid over vier studies hebben wij onderzocht of het ontwikkelen van LMX-relaties van hoge kwaliteit ondergeschikten kan motiveren om onethische gedragingen te vertonen die de leidinggevende bevoordelen (pro-supervisor onethisch gedrag), en of het ontwikkelen van lage kwaliteit LMX-relaties ondergeschikten kan motiveren om onethische gedragingen te vertonen die henzelf bevoordelen (pro-zelf onethisch gedrag). In een veldstudie tonen we aan dat hoge kwaliteit LMX-relaties leiden tot een hogere bereidheid om pro-supervisor onethisch gedrag te vertonen (Studie 4.1). Voorts laten de resultaten van een experimentele studie wederom zien dat men in een hoge kwaliteit LMX-relatie meer bereid is om pro-supervisor onethisch gedrag te vertonen, terwijl men in een lage kwaliteit LMX-relatie meer bereid is om pro-zelf onethisch gedrag te vertonen (Studie 4.2a). Ten derde laten wij in een experimentele studie zien dat een hoge kwaliteit LMX-relatie motiveert tot pro-supervisor onethisch gedrag vanwege de gevoelde noodzaak om positief te reciproceren, terwijl een lage kwaliteit LMX-relatie motiveert tot pro-zelf onethisch gedrag vanwege de gevoelde noodzaak om negatief te reciproceren (Studie 4.2b). Tot slot repliceren wij al deze voorgaande bevinden in een veldstudie over meerdere tijdsmomenten, en tonen wij bovendien aan dat LMX-relaties ook onethisch *gedragingen*

kunnen motiveren in plaats van alleen maar onethische bedoelingen (Studie 4.3). Samengenomen laten deze resultaten zien dat het onderscheid maken tussen medewerkers (i.e., LMX-differentiatie) inderdaad de potentie heeft om functioneel onethisch gedrag te motiveren.

Conclusie

De resultaten van de drie empirische hoofdstukken (Hoofdstukken 2 tot en met 4) overziend, willen we deze samenvatting besluiten met het bespreken van de overkoepelende implicatie (zie Hoofdstuk 5 voor een uitgebreid overzicht van alle implicaties). Uit de resultaten van de studies blijkt dat een belangrijke motivatie voor onethisch gedrag ligt in de *functionaliteit* ervan: men kiest voor onethisch gedrag wanneer dit een effectiever of efficiënter alternatief is voor ethisch-neutrale gedragingen. We zagen deze functionaliteit tot uiting komen wanneer medewerkers in competitie strijden om topposities met bijbehorende beloningen te bemachtigen dan wel staartposities met bijbehorende straffen af te wenden (i.e., Hoofdstuk 2), wanneer zij moeten presteren in vervolgtaken nadat in een eerdere taak promotiedoelen succesvol zijn behaald dan wel preventiedoelen juist niet zijn behaald (i.e., Hoofdstuk 3), of wanneer zij de uitwisselingsrelatie met hun leidinggevenden op positieve dan wel negatieve wijze willen reciproceren (i.e., Hoofdstuk 4). Uit deze resultaten kunnen we de conclusie trekken dat de drie onderzochte managementpraktijken – rangordecompetitie, het stellen van doelen, en onderscheid maken tussen medewerkers – een schaduwzijde hebben waarin medewerkers geneigd zijn tot onethisch gedrag.

DANKWOORD
(ACKNOWLEDGEMENTS)

Dankwoord (Acknowledgements)

Potjandorie zeg – heb je net die hele dissertatie in het Engels geschreven, moet je opeens op het Nederlands over. En mijn geschreven Nederlands is al niet zo denderend. Toch zal ik gaan proberen om, met ongetwijfeld veel te veel Anglicismen en bijzinnen, iedereen die mij de afgelopen jaren dierbaar geweest is te bedanken voor hun steun en vriendschap. En dit bedanken doe ik aan de hand van een aantal categorieën van mensen en instanties in alfabetische volgorde. Binnen de categorieën is de volgorde wat willekeuriger, maar niet per se op basis van dankbaarheid. Uiteraard kan ik niet iedereen noemen en uiteraard zullen er mensen zijn die ik vergeet, maar diegenen zullen waarschijnlijk ook weten dat ik soms wat vergeetachtig kan zijn. Mocht je het idee hebben dat ik je gemist heb, laat het me dan weten. Als het boekje een succes wordt, dan neem ik je mee in de tweede druk.

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meer wat mijn standpunt die avond was, maar een spetterende discussie was het zeker. En zo hebben we nog wel meer discussies gekend. Wat ik zeer waardeer is dat we, ondanks mijn switch van Letteren naar Economie en Bedrijfskunde, altijd goede vrienden zijn gebleven. We hebben vrijwel dagelijks contact, en we ouwehoeren er nog flink op los. Als een van de weinigen ben je altijd geïnteresseerd geweest in wat ik nu allemaal tijdens mijn studie en promotie uitgespookt heb. Het leek mij dan ook niet meer dan logisch om je te vragen als mijn paranimf: dat ik in deze academische mijlpaal ondersteund wordt door degene waar ik mijn academische avontuur tien jaar geleden mee begonnen ben. Ook jij, bedankt voor alles.

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